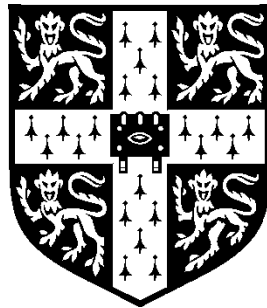


The Emerging Role of Trade Unions in China and their Function in Strikes

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This dissertation is the result of my own work and includes nothing which is the outcome of work done in collaboration except where specifically indicated in the text.

The dissertation does not exceed the word limit for the Degree Committee of Sociology.

Abstract

An important feature of Chinese industrial relations is the changing role of collective labour since the early 2000s. The authorities in Beijing have introduced substantial new legislation and policies aimed at strengthening the contractual basis of employment and encouraging the extension of trade union membership and collective bargaining. Meanwhile, unofficial strikes in non-state sectors have become increasingly severe in terms of their intensity and complexity. The Chinese trade unions, which in law protect workers' rights, have encountered challenges from the increasing demands of these strikes. This thesis looks at how the Chinese trade unions have responded to pressures from rank-and-file workers in the private sector.

The thesis starts with a review of the development of Chinese labour law relating to dispute resolution and trade unions in the transition from a command economy to a partial capitalist market economy. A literature review of the role of trade unions in industrial conflict indicates the limitations of recent research arising from looking at workplace disputes from the outside. The thesis then presents original case studies of six foreign-owned enterprises, including one joint-venture enterprise. It describes and analyses the process of dispute resolution or avoidance at these workplaces during the strike wave of 2010. The cases drew on a range of interviews and participant observations, and examined the ways in which the trade unions had been practically involved in managing strikes.

The thesis suggests that strikes continue to be autonomously organised by workers, while trade unions generally pursue a role limited to resolving the dispute. The cases illustrate how union guidance in dispute resolution encourages concessions to workers' demands by foreign employers. The operational forms and the effects of this union dominated approach are varied, reflecting the specific industrial relations context at different locations.

The research suggests that this reactive union approach is likely to be unstable and conditional. In the reforms that have followed strike action, the status of trade unions is being enhanced as a result of a simultaneous strengthening of their links with both workers and the government authorities. There are mixed implications for the likelihood that the trade unions will become more responsive in character. The thesis provides insights on the potential and constraints of state-approved trade unions in channeling workers' discontents into formal decision-making processes.

Acknowledgement

I would like to express my deepest gratitude to my supervisor, William Brown, who spent so much effort and patience, developing my confidence and mentoring me from the beginning to the final stage.

My dad, whom I have been following in his footsteps in the realm of labour relations, has provided me with professional insights and continuous emotional support.

During this journey of ups and downs, I am so blessed to meet people embracing me with their care, love, encouragement, and prayers. Even though they may not know about it, the big and small deeds played an important role in completing my thesis.

My gratitude would not be complete without mentioning my encounter with the trade union officials and workers in Guangdong Province and Dalian City during my fieldwork. The co-operation from the trade union officials gave me ample access to study my cases. I would like to pay my great respect to the young workers, who were born in the 1980s and 1990s, of whom I personally witnessed their immense courage, wisdom and perseverance which are paramount to me in conducting this research.

I regret that my mom cannot be with me when this is completed. But I know she would be proud of me.

Abbreviations

ACFIC	All-China Federation of Industry and Commerce
ACFTU	All-China Federation of Trade Unions
CCP	Chinese Communist Party
CEC-CEDA	China Enterprise Confederation/China Enterprise Directors Association
CHAM	Auto Parts Manufacturing Ltd. (Honda Nanhai)
COE	Collective-Owned Enterprises
FDI	Foreign Directly Invested
FIE	Foreign-Invested Enterprises
GDPU	Guangdong Provincial Federation of Trade Union
GZCU	Guangzhou City Federation of Trade Unions
HRM	Human Resources Management
JCCI	Japanese Chamber of Commerce and Industry (Dalian)
JVE	Joint-Venture Enterprises
MSS	Maintenance of Social Stability
MOL	Ministry of Labour
NSDU	Nansha District Federation of Trade Unions
POE	Privately Owned Enterprises
SETC	State Economic and Trade Commission
SOE	State Owned Enterprises
SSTU	Shishan Town Federation of Trade Unions
TCM	State Coordinating Labour Relations Tripartite Meeting
XLTU	Xiaolan Town Federation of Trade Unions

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Chapter One – Introduction – Labour Relations in China

1.1 Labour Relations and Labour Disputes under Marketisation

1.11 The Emergence of Marketised Labour Relations

Since the late 1970s, central government in China has embarked upon transforming socialist labour relations into marketised labour relations. The Third Plenum of the Central Committee of the Eleventh National Party Congress reset China's economic path from a state socialist economy to capitalism, of which labour reforms were an integral part.¹ The transformation from the administrative-command system to market relations included abandoning employment protections of 'cradle-to-grave', releasing the labour force in the free labour market based on a labour contract system, as well as applying the marketised institutions to determine the labour wage levels while empowering enterprises' comprehensive managerial authority. The new type of employment was featured by marketisation.

The reform of '*Zhengqi Fenkai*' (a separation between politics and enterprise management) in management of State-Owned Enterprises (SOEs) and Collective-Owned Enterprises (COEs) separated the right of ownership from the right of management. Boards of directors, shareholders and supervisors formed the governance structure, with the 'purpose to achieve economic efficiency and profit maximization for the investor'. Under these superior committees, managers were committed to their responsibilities in the production agenda, the definition of work obligations, determination of wage levels, as well as recruitment and selection and other managerial functions. The 1995 Labour Law legalised this new type of market-located employment relations, by implementing the labour contract system. The market institutions were permitted to be the principal forces behind wage determination. It set the direction of the wage reform: the market determines, the enterprises mediate, the government monitors.² Workers, in principle, were to be

¹ Chang, K. (2013), 'The Collective Transformation of Labor Relations and the Improvement of the Government's Labor Policy', in *Social Sciences in China*, 2013(6), pp. 91 – 108. In Chinese.

² Zhang, Y. N. and Chen, L. Y. (2005), *2005 Report on Situation of Chinese Enterprise Labour Relations*, Beijing: Enterprise Management Press. In Chinese.

rewarded for performance or productivity, and the level of their wage was also linked to the economic efficiency of the enterprise. Layoffs were defined as the legitimate rights of state enterprise management.³ Furthermore, employment insurance, as one of the crucial parts of the pay package, was to be socially administered.⁴ Management and labour became independent groups in pursuit of differentiated interests.

The reforms also introduced different types of enterprises in terms of ownership, apart from the SOE and COE, which used to be dominant in production and the economy underwent privatisation. Private Owned Enterprises (POEs), including Domestic Private Enterprises (DPE), Joint-Venture Enterprises (JVE), and Foreign-Invested Enterprises (FIE),⁵ which used to be constrained because of their exploitative nature, now have become the major forms of economic organisation in China. Two groups who sold their labour power to the companies mainly constituted the labour force. One was the workers in the SOEs transferred from the 'masters of the enterprise' to 'employed employees' in the new marketised labour relations. The other one was the migrant workers who temporarily migrated from the countryside to urban areas to be employed in the POEs.⁶ The latter were directly employed in enterprises with a capitalist mode of production.⁷

1.12 Labour Management under Cost-Cutting Strategies

Marketisation led to changes of marketised employment in the state-owned sectors and in the privately owned sectors, which has been accompanied by the enhanced authority and influence of managers. The labour management in both SOEs and POEs was characterised by the low labour cost strategy.

³ Chen, F. (1995), *Economic Transition and Political Legitimacy in Post-Mao China: Ideology and Reform*, p. 180, New York: State University of New York Press.

⁴ Lo, V. I. (1999), *Law and Industrial Relations: China and Japan after World War II*, London: Kluwer Law International.

⁵ Sometimes, the POE refers to domestic owned enterprises only.

⁶ Because of the residential registration (*hukou*) system, they can hardly be employed in the SOEs. The residential registration system separates residents in rural and urban areas, in terms of their formal identity, based on which the resources of welfare, education, employment, etc. are allocated.

⁷ Chang, K. (2013), 'The Collective Transformation of Labor Relations and the Improvement of the Government's Labor Policy', in *Social Sciences in China*, 2013(6), pp. 91-108. In Chinese.

In SOEs the practice of ‘life-time employment’ was to be replaced by ‘massive layoffs, widespread unemployment, forced early retirements and frequent failure to provide promised wage, pension and health-care benefits’.⁸ And for those who remained, their labour relations with the enterprise, and their wage levels, were to be set by the ‘enterprise profitability or a combined indicator of economic returns’ which ‘vary by region and reflect local economic conditions’. In general, there are two components of wage structure, the ‘fixed’ and the ‘variable’. The former consists of the basic wage, seniority wage, insurance (medical, unemployment and pensions), and a housing fund, while the latter mainly depends upon the individual productivity and enterprise profitability.⁹

The wage level in SOEs is generally higher than the pay for comparable work in the private sector.¹⁰ It is estimated that the average wage in sectors such as Electricity, Gas and Water, in which the SOE employees account for more than half of the labour force, is twice or triple that of other sectors.¹¹ But there is also a dramatic disparity of the wage between the senior managers and middle or lower level workers, sometimes, by 20 times to 30 times.¹²

The substantial privatisation of SOEs and COEs in the late 1990s had negative consequences for hundreds of thousands of workers and their families. For those who still maintained their positions in enterprises that were often on the verge of collapse, they faced (or were threatened by) receiving barely adequate compensation or wages from their enterprises.

⁸ Gile, J., Park, A. and Cai, F. (2006), ‘How has Economic Restructuring Affected China’s Urban Workers?’, p. 61, in *The China Quarterly*, (2006), 185(1), pp. 61-95.

⁹ Yueh, L. Y. (2004), ‘Wage Reform in China During the 1990s’, p. 152-153, in *Asian Economic Journal*, (2004), 18(2), pp. 149-65.

¹⁰ Cai, F., Wang, D. W., Zhang, C. W. and Xie, J. H. (2000), ‘Chinese Economic Increase: the Labour Force, the Human Capital and the Employment Structure’, in Wang, X. L. and Fan, H. (eds.) *Sustainability of Chinese Economic Development*, Beijing: Economic Science Press. In Chinese.

¹¹ National Statistics Bureau (2008), *2008 Annual Report on the Statistics on Population and employment in China*, Beijing: China Statistics Press. In Chinese.

¹² Tian, S. Q. (2008), ‘Chapter 6: the Situation of Wage and Working Hour’, in Chang, k. (ed.), *Report on labour relations in China: characteristics and tendencies of labour relations in contemporary China*, Beijing: Chinese Labour and Social Security Press. In Chinese.

After the commencement of the economic reform, the private owned firms and then the joint venture firms had been welcomed and encouraged. The pay system in these private firms varies in different sectors and individual enterprises. Enjoying considerable autonomy in management, the wage standards, forms of wage payment, bonuses and level of subsidies are decided by the labour market rate and the employers' discretion.¹³ There emerged severe violation by managers of workers' statutory rights by wage reductions or unpaid wage arrears. It is estimated that 43% of private firms provided a wage below the minimum wage.¹⁴ Rights infringements were also common in mandatory overtime, physical abuse, occupational diseases, and industrial accidents.

Since the first FIEs were founded in Shenzhen in 1979, regions such as Pearl River Delta, Yangze River Delta and some coastal cities have been open to labour-intensive export-oriented industries.¹⁵ These regions have attracted substantial investments from the West and nearby Asian areas such as Japan, Korea, Taiwan, etc.¹⁶ Working conditions in FIEs are generally more satisfactory than in domestic enterprises. Yet research suggests that with the primary aim of obtaining comparative advantage by exploiting lower-cost manufacturing, the transfer of advanced human resource management practices from their home countries are sometimes viewed by the managers as 'unnecessary', and the actual practices often based on short-term cost-benefit analysis.¹⁷

1.2 Labour Disputes and the 2010 Strike Wave

1.21 Changes in Labour Disputes

Exposure to open market forces has encouraged labour unrest. The underlying market mechanism of wage levels, excess labour supply, ill-formed labour market institutions

¹³ Taylor, B., Chang, K. and Li, Q. (2003), *Industrial Relations in China*, p. 25, Cheltenham: Edward Elgar.

¹⁴ Zhang, Y. N. and Chen, L. Y. (2005), *2005 Report on Situation of Chinese Enterprise Labour Relations*, Beijing: Enterprise Management Press. In Chinese.

¹⁵ Wang, K. (2008), 'A Changing Arena of Industrial Relations in China –what is happening after 1978', p. 197, in *Employment Relations*, 30, 2, pp. 190-216.

¹⁶ Taylor, B. (2001), 'The Management of Labour in Japanese Manufacturing Plants in China', in *The Journal of Human Resource Management*, 12(4), pp. 601-620.

¹⁷ Taylor, B. (2001), 'The Management of Labour in Japanese Manufacturing Plants in China' p. 614, in *The Journal of Human Resource Management*, 12(4), pp. 601-620.

and unfettered managerial forces, were the primary reasons triggering labour disputes.¹⁸ The first part draws on official statistics, it describes the extent and complexity of disputes. The second part turns to collective actions with the focus on strikes. It argues that there emerged dramatic changes in the nature of the disputes. Despite the lack of official statistics on strikes provided by government or other authoritative institutions in China, scholars have devised alternative estimates of collective disputes. They particularly draw on individual case studies.

Changes in general disputes

Before mapping the contours, it is necessary to clarify the identification of disputes in the field of labour in China. Labour disputes are normally classifiable by the number of people involved in disputes that are either individual disputes or collective disputes; or by the nature of the dispute in terms of rights disputes and interest disputes; or by the procedural form in which the disputants take - in the reactive channel of grievance settlements and in the proactive forms of collective bargaining and collective actions.¹⁹ The last category of disputes shall also be regarded in terms of the solution to the disputes. These classifications are interconnected. For instance, individual labour dispute procedures are mostly concerned with statutory or contractual rights, through the relevant individual grievance process.²⁰ Collective bargaining and collective action are typical forms of adjustment machinery over disputes of interests that are 'non-adjudicable, [and] may or may not be arbitrable',²¹ on the grounds that the collective bargaining and collective action reflect the power relationship in the decision-making process, which can hardly be achieved by individuals acting alone.²² Strikes are the normal form of collective action.

¹⁸ In the Joint Venture, it is universal that the labour management is charged by the local managers.

¹⁹ Michelle, K. (1999), 'New Forms of Work Organization and Their Impact on the Grievance Procedure', in Eaton, A. and Keefe, J. (eds.), *Employment Dispute Resolution and Work Rights in the Changing Workplace*, Madison, WI: Industrial Relations Research Association.

²⁰ Michelle, K. (1999), 'New Forms of Work Organization and Their Impact on the Grievance Procedure', in Eaton, A. and Keefe, J. (eds.), *Employment Dispute Resolution and Work Rights in the Changing Workplace*, Madison, WI: Industrial Relations Research Association.

²¹ Spielmans, J. V. (1939), 'Labor Disputes on Rights and on Interests', p. 299, in *American Economic Review*, 29(2), (Jun., 1939), pp. 299-312.

²² Hyman, R. (1975), *Industrial Relations: A Marxist Introduction*, p. 194, Basingstoke: MacMillan; also see Flanders, A. (1968), 'What are Trade Unions for?', in *Management and Unions: The Theory and Reform of Industrial Relations*, (1975), Faber and Faber: London.

The main forms of collective action in China are various, including strikes, stoppages, go-slows, petitions, processions, demonstrations, sit-ins, road blockades, picketing, and surrounding government building.²³ In the Chinese judicial terminology, strikes or collective actions are not included in the frame of reference as the sort of collective disputes to be entered in official statistics. Those collective disputes recorded and published by the statistical bureaux are basically disputes of rights.²⁴ The narratives of the statistical facts in this section do not separate strikes from collective disputes in general. The collective disputes in the main case studies in this research however specifically cover the form of a strike in which workers abandoned their work. The terminologies in this research in terms of collective disputes, collective actions, and strikes are interchangeable unless otherwise indicated.

Official statistics reveal that the development of disputes was associated with economic demands arising from the marketisation of labour relations. Data noted the changed foci of labour disputes between the 1980s and 1990s reform periods. At the beginning of the reforms, disputes focused on narrowly defined ‘contract issues’, concerned with contract implementation or dismissal; whereas from the 1990s, appeals relating to ‘economic issues’, such as labour remuneration or social insurance, became the primary concerns of the labour disputes.²⁵

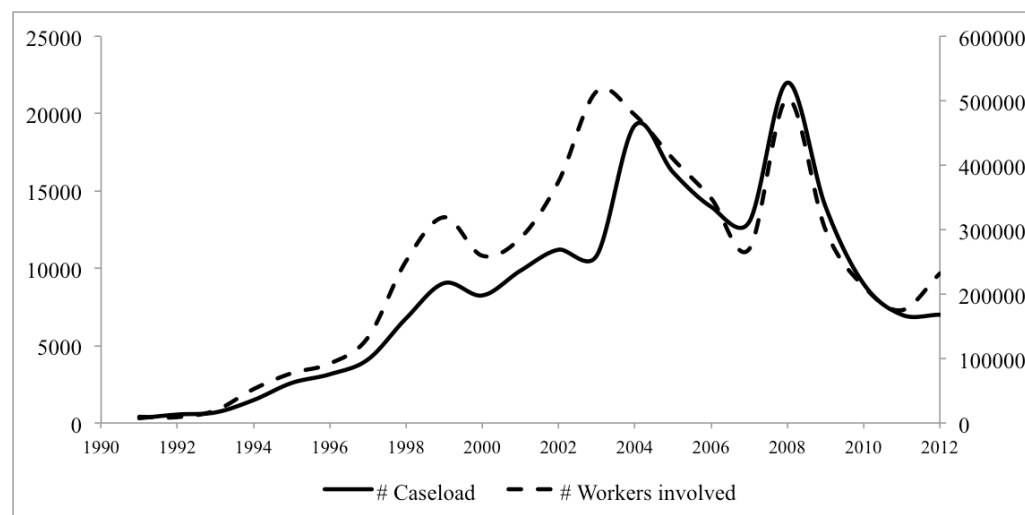
²³ Taylor, B., Chang, K. and Li, Q. (2003), *Industrial Relations in China*, Edward Elgar: Cheltenham; Shen, J. (2007), *Labour Disputes and Their Resolution in China*, Chandos Publishing: Oxford; Qiao, J. (2009), ‘Chapter 16: Investigation and Analysis on the Situation of Trade Union Officials in Enterprises –Investigating 1811 Trade Union Presidents by Questionnaires’, in Chang, K. (eds.), *Characteristics and Tendencies of Labor Relations in Contemporary China*, Chinese Labour and Social Security Press: Beijing. In Chinese.

²⁴ The collective labour disputes are defined as, according to the Regulation on Handling Labour Disputes in Enterprises’ (1993-6-11), ‘three and more than three workers who are involved in the labour disputes, with the joint request, should recommend the representatives to attend the negotiation and arbitration activities’, and the latest provisions in the Law of Labour Disputes Conciliation and Arbitration and the Labour Contract (2008-5-1) increased that number from three to ten. Relevant provisions on collective bargaining provided the regulatory framework of dispute of interests, yet these regulations excluded the strike. The legal framework of the strike will be discussed in Section 4 Chapter Three.

²⁵ Zhang, Y. M. (2003), ‘Labour Movements in the time of Reform in China’, in *Twenty-First Century*, (Apr 2003) No.76, http://www.cuhk.edu.hk/ics/21c/issue/articles/076_0210017.pdf (accessed 14/01/22). In Chinese; Chan C. K. C. (2010), *The Challenge of Labour in China: Strikes and the changing labour regime in global factories*, p.30, London: Routledge.

The Public Report of the Development of Labour and Social Security demonstrates the consistently rising number of collective labour disputes. From 1991 to 2008, the number of collective labour disputes increased from 1.5 thousand to 22 thousand.²⁶ In 1996, the figure of involved workers in SOEs was only 21% with a caseload percentage of 35%; while in FIEs, the proportion of labour disputes accounted for around 21%, whereas the number of workers involved in FIE disputes accounted for 52% of the total.²⁷ In 1998, at the start of SOE privatising, collective labour disputes rose by 65% while the number of people involved rose by 89% (see Figure 1).²⁸ In 2004, despite the high yearly increase rate (also see Figure 1), the average number of workers involved per case fell dramatically from 47 to 25,²⁹ which may be partially attributed to the ending of SOE reform.

Figure 1. Collective Labour Disputes Registered for Arbitration, 1994-2008



Source: China Labour Statistical Yearbook, various years

²⁶ Figures are drawn from *Public Report on the Development of Labour and Social Security* 2006-2008 provided by MOL and National Statistics Bureau, online, http://www.stats.gov.cn/tjgb/qttjgb/qgqttjgb/t20090519_402559984.htm (accessed 10/5/2 – invalid access). In Chinese.

²⁷ Zhang, Y. M. (2003), 'Labour Movements in the time of Reform in China', in *Twenty-First Century*, (Apr. 2003) No.76, http://www.cuhk.edu.hk/ics/21c/issue/articles/076_0210017.pdf (Accessed 14/1/22). In Chinese.

²⁸ Figures are drawn from *Public Report on the Development of Labour and Social Security* 2006-2008 provided by Ministry of Human Resources and Social Security and National Statistics Bureau, http://www.stats.gov.cn/tjgb/qttjgb/qgqttjgb/t20090519_402559984.htm (accessed 10/5/2 – invalid access). In Chinese.

²⁹ China Labour Website, *Data analysis on national labour dispute resolution in 2004*, online, <http://www.labournet.com.cn/ldzy/ckzl/t15.asp> (accessed on 14/8/9). In Chinese.

These collective labour disputes showed by the official data were characterised by ‘disputes of rights’, where the workers’ legal or contractual rights were infringed by the management. By observing these labour disputes, Lee concluded that the major types of workplace grievances are: ‘(1) unpaid wages, illegal wage deductions, or substandard wage rates; (2) disciplinary violence and violations of dignity; and (3) industrial injuries and lack of injury compensation’.³⁰ Disaggregation of protests by region roughly echoes the categories between SOE and POE. ‘Rustbelt’ regions, such as the Northeast, Central Coast, upper Changjiang and North-central are the foci of SOE workers disputes.³¹ The highly globalised zones of the ‘sunbelt’ regions located in the Southeast have a high incidence of action by migrant workers.³²

Changes in strikes

From 2004 onwards, except the year 2008,³³ collective labour disputes in the official statistics declined dramatically while the unofficial records captured the change of workers’ collective action in both number and pattern. Most of these strikes were provoked by managers’ breaking the law or by harsh management as disputes of right, while a number had gone beyond the statutory provisions as disputes of interest (see Figure 2).³⁴

³⁰ Lee, C. K. (2007), *Against the Law: Labour Protests in China’s Rustbelt and Sunbelt*, p. 165, Berkeley: University of California Press.

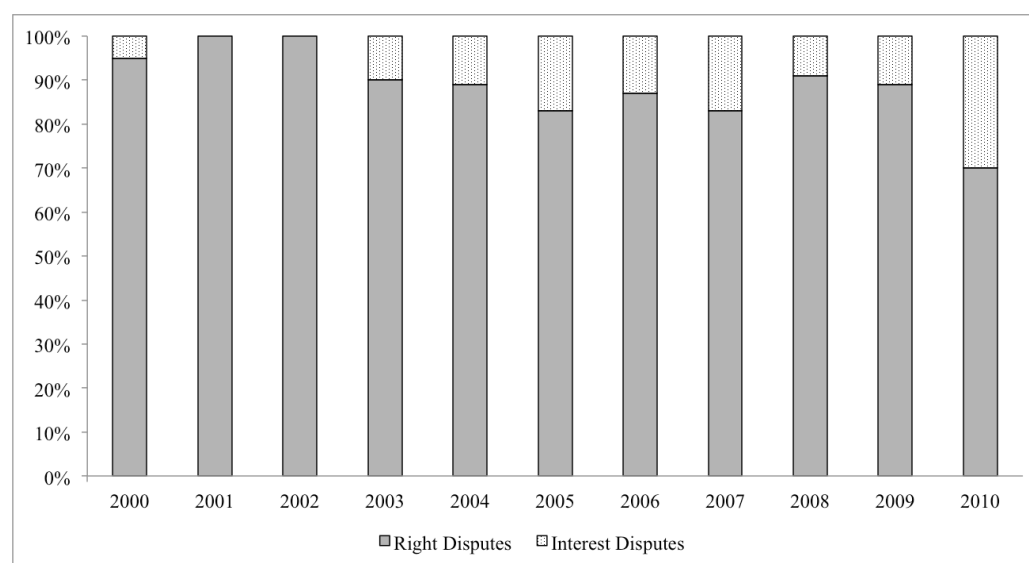
³¹ Hurst, W. (2009), ‘Chapter Five’ in *The Chinese Worker After Socialism*. New York: Cambridge University Press.

³² Blecher, M. (2009), ‘Globalization, Structural Reform and Labour Politics in China’, in *Global Labour Journal*, 1(1), pp. 92-111; also see Lee, C. K. (2007), *Against the Law: Labour Protests in China’s Rustbelt and Sunbelt*, pp. 165, Berkeley: University of California Press.

³³ In 2008 the implementation of the Labour Contract Law and the Law on Labour Dispute Mediation and Arbitration expanded both the caseloads of overall labour disputes and collective labour disputes. Within a year, there was a surge of labour disputes from 500,000 to 693,000 while the number of workers involved in these disputes doubled from 650,000 to 1.2 million.

³⁴ The proportions were drawn from a study on 553 cases of collective action between 2000 and 2010. See China Labour Bulletin, 2012. *A Decade of Change: The Workers’ Movement in China 2000-2010*, online, http://www.clb.org.hk/schi/files/2000-2010_Chinese_workers_movement_research_report.pdf (accessed 14/08/13)

Figure 2. Changes in protests between right dispute and interest dispute: 2000-2010



The percentages of right disputes are in dark grey, of interest disputes are in light grey

Source: China Labour Bulletin, 2012:17.

Investigations reveal, tracing back to the early stage of the reform, the gradual appearance of strikes over interests disputes. Out of 155 workers' collective actions in 1992, 10% came from FIEs, of which the number of workers accounted for less than 2%.³⁵ Strike incidents in subsequent years were frequently in FIEs and domestic private enterprises along the Southeast coast. The number went up from 244 in 1993, to 668 in 1994 and reached its peak of 1,041 in 1995, then fell to 1,016 in 1996.³⁶ In Guangdong, spontaneous walkouts and strikes in foreign-owned enterprises have been widely reported in the press.³⁷ These strikes frequently occurred in the primarily export-oriented industrial zones, such as Shenzhen, Zhuhai, etc.

A strike wave in 1992-1994 was observed along the Southeast coast.³⁸ Although very much the minority, these cases nevertheless implied the workers' relatively advanced rights consciousness, and their capability to act strategically. In these cases, strikes and sit-ins were the main forms of protest. A strike in Canon Company in Zhuhai was

³⁵ This sort of enterprises normally includes Sino-foreign joint ventures, cooperative businesses, and exclusively foreign-owned enterprises.

³⁶ Chen, F. (2003), 'Industrial Restructuring and Workers' Resistance in China', in *Modern China*, 29(2) (Apr. 2003) pp. 237-263.

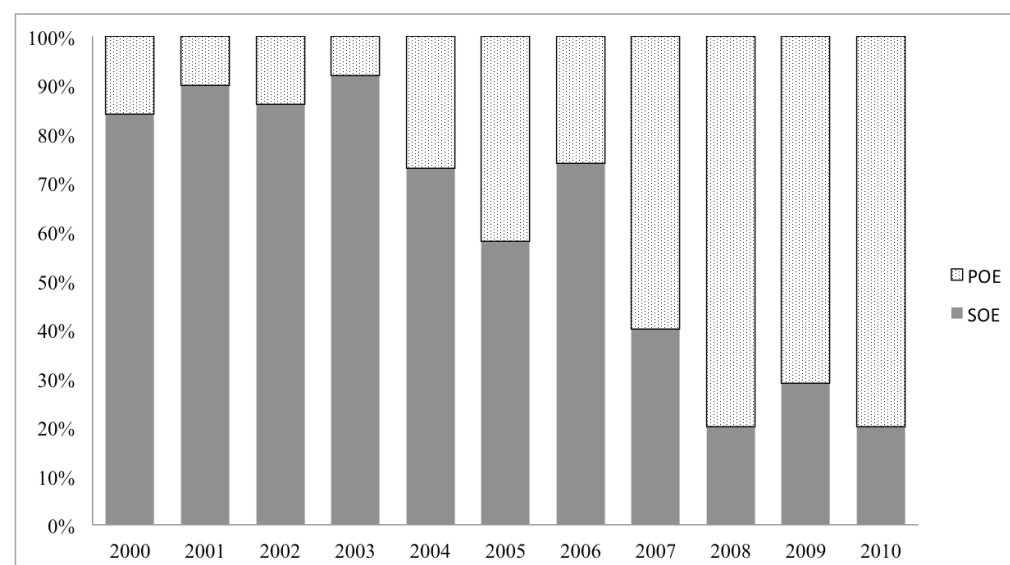
³⁷ Lee, C. K. (1998), 'The Labour Politics of Market Socialism: Collective Inaction and Class Experiences among State Workers Guangzhou', p.5, in *Modern China*, 24(1) (Jan. 1998), pp. 3-33.

³⁸ Leung, W. Y. (1988), *Smashing the Iron Rice Pot: Workers and Unions in China's Market Socialism*, Hongkong: Asia Monitor Resource Center.

initiated with demands for a 30% wage increase and accommodation provision. Their demands were regarded by the local authority as ‘unreasonable’. In San Mei (a Japanese owned company) in the same city, workers protested against their wage as ‘insufficient to compensate for the inflation rate.’ In the latter case, workers appealed to the local trade union to organise the workplace union, and they elected their own bargaining representative in negotiations with the manager. In Zhuhai, another strike occurred in a Chinese toy factory, where workers ‘circulated hand-written pamphlets outside the factory, persuading others not to work and displayed a Dazibao (Big Character Poster) (of the demands)... (which was) also posted outside the factory...’ In one case in Shenzhen, strikers organised a continuing trade union organization.³⁹

Since the middle 2000s, as the disputes in POEs became more dominant, collective action in the form of strikes was apparent in the growing areas in coastal cities. Statistics on collective action outside the official sphere suggest these protests developed dramatically in POEs (see Figure 3).⁴⁰

Figure 3. Workers’ Collective Action: distribution by type of enterprise, 2000-2010



The percentages of SOEs are in dark grey, of POEs are in light grey

Source: China Labour Bulletin, 2012:16.

³⁹ All the cases were drawn from Chan’s book (2010), page 24 to 37, see Chan, C. K. C. (2010), *The Challenge of Labour in China: Strikes and the changing labour regime in global factories*, London: Routledge.

⁴⁰ The proportions were drawn from a study on 553 cases of collective action between 2000 and 2010. See China Labour Bulletin, 2012. *A Decade of Change: The Workers’ Movement in China 2000-2010*, online, http://www.clb.org.hk/schi/files/2000-2010_Chinese_workers_movement_research_report.pdf (accessed 14/08/13). In Chinese.

These findings imply that waves of strikes have occurred frequently in places where the wages and working conditions are generally higher than in other types of enterprises.⁴¹ A number of features of these cases can be identified. First, workers' demands became more radical and aggressive. Two cases showed the difference between strikers' demands in 2004 and in 2007. The former requested the full implementation of basic labour rights and remedies for employers' harsh management, while the latter 'asked for a decent wage in addition to a proper working and living environment.'⁴² Again, in-depth interviews on strikes after 2008 revealed that workers' demands have transferred from the implementation of their statutory rights to a 'moral' minimum as well as access to negotiation with managers as well as being treated with respect.⁴³ Furthermore, demands for the establishment of more sustainable mechanisms of 'voice at the workplace' became more common. They requested the reform of the current remuneration system to be more reasonable, notably seeking linking of pay with the profits the company gained in many cases⁴⁴; establishment of collective mechanisms in wage determination, namely collective bargaining;⁴⁵ and setting up or restructuring more representative workplace trade unions.

Secondly, strikes have become strategically sophisticated over time. One sociologist described the workers' developing strategies in strikes: '...in 1993 to 1994, strikers confined themselves to the factory complex, whereas in 2004 and 2007 they began walking out to the highway to attract public attention and state intervention. In the 2004 case, the workers transferred the struggle experience to a new factory in another

⁴¹ China Labour Bulletin, (2011), *The Workers' Movement in China 2009-2011*, p. 10, online, http://www.clb.org.hk/en/files/share/File/research_reports/unity_is_strength_web.pdf (accessed 14/08/09)

⁴² Chan, C. K. C. (2010), 'Class Struggle in China: Case Studies of Migrant Workers Strikes in the Pearl River Delta', p. 73, in *South African Review of Sociology*, 41(3), pp. 61-80.

⁴³ Elfstrom, M. and Kuruvilla, S. (2012), 'The Changing Nature of Labor Unrest in China', p. 31, paper for the International Labor and Employment Relations Conference, Philadelphia, 2nd-5th July 2012.

⁴⁴ It is remarked that, one of the main reasons leading to the high frequency of strikes in auto companies is the disproportional gap between the high profit and low wage. See China Labour Bulletin, (2011), *The Workers' Movement in China 2009-2011*, p. 10, online, http://www.clb.org.hk/en/files/share/File/research_reports/unity_is_strength_web.pdf (accessed 14/08/09)

⁴⁵ China Labour Bulletin, (2009) *The Workers' Movement in China 2007-2008*, p. 20, online, http://www.clb.org.hk/en/files/share/File/research_reports/workers_movement_07-08_print_final.pdf (accessed 14/08/13)

city, whereas in 2007 workers in two factories owned by the same company coordinated with one another to stage a joint strike.’⁴⁶ The comparison among three cases suggested that, compared with two cases during the early reform (in 1993 and in 1994), the one in 2004 ‘marked workers’ advanced... organising capacity, struggle strategy and the duration and scale of the strike.’⁴⁷ Two other cases in 2007 and 2010 similarly presented workers’ demands for higher wages and working conditions than were provided for by legal provisions.⁴⁸ Since the mid-2000s, the strategy of workers’ protests has moved from street demonstrations to collective actions within enterprises. This was ‘a gradual move away from targeting the state to confronting employers directly, with the aim of forcing them to negotiate.’⁴⁹

Subsequent research suggested this change has continued. In a case in Zhuzhou in 2011, which was led by white-collar office workers, strikers went beyond the workplace struggle and reached out to the Zhuzhou Municipal Federation of Trade Unions. The author described the strikers’ action of making a list of workers’ demands and organising workers’ representative as ‘(holding) Western-style negotiations’.⁵⁰ Several cases reported by China Labour Bulletin suggested that to boost their bargaining leverage, some labour NGOs and even one Law Firm were involved in the strike, typically in the final stage of negotiations.

1.22 Summary of the 2010 Strike Wave

The nationwide strike wave in the summer of 2010 was an effective clear demonstration of the development of collective disputes since the middle 2000s. The

⁴⁶ Chan, C. K C. (2010), ‘Class Struggle in China: Case Studies of Migrant Workers Strikes in the Pearl River Delta’, p. 73 – 74, in *South African Review of Sociology*, 41(3), pp. 61-80.

⁴⁷ Chan, C. K. C. (2010), *The Challenge of Labour in China: Strikes and the changing labour regime in global factories*, p. 41-42, London: Routledge.

⁴⁸ Pringle, T. (2011), *Trade Unions in China: The challenge of labour unrest*, p. 109, London: Routledge.

⁴⁹ Pringle, T. (2011), *Trade Unions in China: The challenge of labour unrest*, p. 107, London: Routledge.

⁵⁰ Elfstrom, M. and Kuruvilla, S. (2012), ‘The Changing Nature of Labor Unrest in China’, p. 29, paper for the International Labor and Employment Relations Conference, Philadelphia, 2nd-5th July 2012.

2010 strikes shared common features with a number of strikes in the late 2000s and early 2010s, with regard to the demands, strategy, and outcomes.⁵¹

(1) Workers' demands were basically economic and in essence were disputes of interests, including 'more money, better working condition and more respect in treatment.'⁵² In many cases the cause of the strike was the disproportionate gap between the high profits and low wages. (2) The forms of strikes were peaceful and strategic. The location of the protests had moved from street demonstrations to strikes within enterprises. As one observed, it was 'a gradual move away from targeting the state to confronting employers directly, with the aim of forcing them to negotiate.'⁵³ Irrational behaviour such as damaging machinery seldom took place. (3) These strikes were spontaneously organised by workers without the involvement of workplace trade unions. Occurrence of the strikes was encouraged by accidental circumstances. Strikers formed temporary leadership, and disbanded afterwards. In some cases, mobilisation was achieved by intra-workplace divisions within the company.⁵⁴ There was little sign of alliance strikes across factory or region, but a strike in one enterprise might lead to the extension of strikes in particular regions and industries.⁵⁵

The 2010 strike tides surged from January. The Suzhou Industrial Zone in the Yellow River Delta Area suffered the first wave of strikes in 2010, involving tens of thousands of workers. In the months before May, every few weeks there were strike

⁵¹ Discussions on the new trends of workers' protests can be found in Pringle, T. (2011), *Trade Unions in China: The challenge of labour unrest*, London: Routledge; Elfstrom, M. and Kuruvilla, S. (2012), 'The Changing Nature of Labor Unrest in China', p. 22, 31, paper for the International Labor and Employment Relations Conference, Philadelphia, 2nd-5th July 2012; Chan, C. K. C. (2010), 'Class Struggle in China: Case Studies of Migrant Workers Strikes in the Pearl River Delta', in *South African Review of Sociology*, 41(3), pp. 61-80; Chan, C. K. C. and Hui, E. S. L. (2012), 'The Dynamics and Dilemma of Workplace Trade Union Reform in China: Case of the Honda Workers' Strike', in *Journal of Industrial Relations*, 54(5), pp. 653-668.

⁵² Elfstrom, M. and Kuruvilla, S. (2012), 'The Changing Nature of Labor Unrest in China', p. 22, 31, paper for the International Labor and Employment Relations Conference, Philadelphia, 2nd-5th July 2012.

⁵³ Pringle, T. (2011), *Trade Unions in China: The challenge of labour unrest*, p. 107, London: Routledge.

⁵⁴ Elfstrom, M. and Kuruvilla, S. (2012), 'The Changing Nature of Labor Unrest in China', p. 12, paper for the International Labor and Employment Relations Conference, Philadelphia, 2nd-5th July 2012.

⁵⁵ Chang, K. (2013), 'The Collective Transformation of Labor Relations and the Improvement of the Government's Labor Policy', in *Social Sciences in China*, 2013(6), pp. 91 – 108. In Chinese.

reports in different provinces. The strike wave was initially concentrated in the auto industries in the Pearl River Delta, and then spread to other industries such as electronic, textiles, chemical, metal and plastic, and to Northern regions and inland cities.

New features of strikes accompanied the changing policies of the authorities in some regions.⁵⁶ It has been held that, by being more economically oriented, more strategically peaceful, and more focused renders these strikes comparatively acceptable in the eyes of the authorities.⁵⁷ This mirrors the interactions between labour and the state at the broad/macro level, which may be concluded as two inter-related background features of the 2010 strikes: the new generation of migrant workers, and the innovations in legislation.

1.23 New Generation of Migrant Workers and their Characteristics

The main labour force behind the protests was migrant workers. Among them, the ‘new generation of migrant workers’ occupied a substantial proportion.⁵⁸ This section describes some of the characteristics of these workers, to provide a better understanding of Chinese collective labour relations. Information provided is based on a number of national organisations and academic research groups.⁵⁹

⁵⁶ Chang, K. (2013), ‘The Collective Transformation of Labor Relations and the Improvement of the Government’s Labor Policy’, in *Social Sciences in China*, 2013(6), pp. 91 – 108. In Chinese.

⁵⁷ Wang, R. J. (2014), ‘Government Regulatory Strategy and Logic of Behaviours in Strike Resolution’, PhD Thesis, Renmin University. In Chinese.

⁵⁸ This term was officially used in the ACFTU report, where the ‘new generation of workers’ refers to those ‘who were above 16 years old and born in and after 1980s.’ See ACFTU, ‘*The Research Report on Issues of “The New Generation of Workers”*’, 2010, online, <http://www.youngmigrants.org/ew/uploadfile/20100718143155316.pdf> (accessed 14/08/09). In Chinese.

⁵⁹ National Bureau of Statistics, *Number, Structure and Feature of New Generation of Migrant Workers, 2011*, http://www.stats.gov.cn/zjtj/ztfx/fxbg/201103/t20110310_16148.html (accessed 14/10/25); ACFTU, ‘*The Research Report on Issues of “The New Generation of Workers”*’, 2010, <http://www.youngmigrants.org/ew/uploadfile/20100718143155316.pdf> (accessed 14/10/25); Shenzhen Federation of Trade Union, *Report on the Living Conditions of New Generation of Migrant Workers in Shenzhen, 2010* http://news.163.com/10/0715/11/6BKO81BK000146BC_3.html (accessed 14/10/25); Renmin University, *Feeling the Life – 2012 Report on Chinese Migrant workers, 2012* http://www.gzhong.cn/yanjiu/zhuanti/survive/survive_01.html; Tsinghua University, *Report on the ‘Short-Term Employment’ of Migrant Workers’ employment tendency, 2012*, <http://wenku.baidu.com/view/617e2c34b90d6c85ec3ac670.html> (accessed 14/10/25). All in Chinese.

The phrase ‘New (Second) Generation of Migrant Workers’ (*xinshengdai nongmingong*) was first defined in a national survey conducted by the Chinese National Statistics Bureau in early 2010. The new generation of migrant workers were those ‘born in and after the 1980s, who seek work outside the countryside areas in which they are born.’ By contrast, the ‘Previous Generation of Migrant Workers’ refers to those born before the 1980s.

The number of the new workers was around 85 million, accounting for 58% of all migrant workers. In Guangdong, the figure had surged to approximately 75%. A few studies refer to the second generation of migrant workers as ‘new workers’ (*xingongren*), because they are only weakly connected with the rural sector. 90% of them are not familiar with the countryside and are inexperienced in agriculture. It is a relatively young group, with an average age of 20.6. And among them, the average age of those born in 1990s was 17.2.

The circumstances of employment relations of the new generation of migrant workers are generally inferior. More than half of the new workers had not signed a labour contract with their employer. As regards their employment conditions, the average number of working days was 26 per month, while they worked 9 hours per day. Though this work intensity is close to that of other generations, their income tended to be much lower, due to their relatively low employment seniority, which means they work in relatively junior positions in the workplace. 65% of them were paid less than 1500 RMB, and their average monthly income was merely 1328 RMB; compared with 1543 RMB for the older generation. In addition, young workers tend to be confined in low pay sectors, because of their inadequate education and training. They experience poor social welfare in urban areas. Typically, together with poor working conditions, the coverage of social insurance is low. This is attributed to their background in rural households, against which social policy tends to be biased.

Despite the limited amelioration of their working conditions in recent years, compared with the older generations, some improvements have come from changes in personal circumstances. Though still without the professional training provided by companies and despite their rural location, research has shown that their educational

level has improved significantly. According to a national survey, average years of education increased from 8.8 to 9.8. The proportions of those at secondary technical school (*zhongzhuan*), and junior college (*dazhuan*) and above levels rose from 2.1% to 9.0% and from 1.4% to 6.4%, respectively. It is worth noting that, apart from various vocational training, the proportion receiving training in labour law rose to 38 per cent. It can be predicted that the influence wielded by the Labour Contract Law on workers' ever-improving awareness of their rights and interests should be far-reaching. Furthermore, in the era of greatly improved information and communication, internet has been widely utilised by these new workers. Research by Renmin University of China, suggests that 96% of the new generation spent many hours on the Internet.

Coupled with this improvement in education, their expectations have become more sophisticated. A survey conducted by Shenzhen Federation of Trade Unions reached the conclusion that workers had reasonable expectations of their income. For instance, they considered a 'likely monthly income' to be 2678 RMB, only 842 higher than the actual number, whilst 46% of them thought that their 'likely monthly income' might be less than 2000 RMB. Moreover, the 'ideal income' was 4200, very close to the average level of the income in Shenzhen.

Other changes also influence young workers' expectations of their working and living conditions. A host of surveys have indicated, for one thing, that young people are concerned more about further personal development, rather than job security, by comparison with their older counterparts; for another, urban living had become their preferred choice in their aspirations for a bright future.

1.24 The Effects of Legalisation

The formalisation of labour relations, starting from the legislation on individual labour rights, helped to improve workers' confidence in defending their rights. While bringing in marketisation, the state has gradually formalised labour relations. The state actively legislated to protect workers, by stipulating workers' individual rights on such issues as contracts, wages, working conditions, pensions, as well as by

providing individual grievance procedures.⁶⁰ The 1995 Labour Law and the relevant labour codes played a crucial role in the rise of labour disputes cases. Owing to the ineffective implementation of labour laws, the central and local government also made great efforts in remedying deficiencies in enforcement by a variety of means, such as the ‘co-ordinated multi-agency’ of the 2004-2007 Wages Campaign.⁶¹

Severe problems of social inequality highlighted the need to improve workers’ livelihood. The reorientation of the government development model after the mid-2000s further moved to balance social and economic development. In 2008, the national government introduced three major pieces of legislation, the Labour Contract Law, the Labour Dispute Mediation and Arbitration Law, and the Employment Promotion Law. These three laws provided a more stringent legal framework for the protection of workers’ basic rights. The 2008 Labour Contract Law is a significant reform of labour rights protection in China.⁶² Firstly it drew tremendous attention even before its enactment. In the process of the legislation, it was one of the first cases in China of drafting a law by drafting at the same time as requesting public opinion. The first draft received 19 thousand expressions of public opinion while the second received 55 thousand. There were spirited debates among labour scholars over the objectives of the law, and over some of its principles and key provisions such as labour dispatch (also known as agency employment), fixed-term contracting rules, etc.

With labour contracting, rather than strengthening the negotiation process, the law focused on the formalisation of the introduction and use of the written labour contract, with the purpose of ‘stabilizing employment relations’, and ‘raising compliance with working conditions standards.’⁶³ The law was regarded as ‘significant’, not only by comparing previous statutory positions in the Chinese labour legal framework, but also ‘bring(ing) China closer to regulatory development in many jurisdictions in

⁶⁰ Chen, F. (2007), ‘Individual rights and collective rights: Labor’s predicament in China’, in *Communist and Post-Communist Studies*, 40(1), pp. 59-79.

⁶¹ Cooney, S., Biddulph, S. and Zhu, Y. (2013), *Law and Fair Work in China*, p. 75-80, London: Routledge.

⁶² Cooney, S., Biddulph, S. and Zhu, Y. (2013), *Law and Fair Work in China*, p. 88, London: Routledge.

⁶³ Cooney, S., Biddulph, S. and Zhu, Y. (2013) *Law and Fair Work in China*, p. 90-92, London: Routledge.

Europe, East Asia and Australasia’.⁶⁴ Last but not least, on-going reforms of labour contracts related to the collective sphere were initiated by the ACFTU. Right after the enactment of the Labour Contract Law, the ACFTU issued two ‘opinions’ related to expanding the contracting system and improving the process of collective consultation particularly in respect of wages.⁶⁵

Although these regulatory interventions in labour relations mainly concern workers’ individual rights, the formalisation of labour relations, starting with the legislation on individual labour rights, helped to improve workers’ confidence in defending their rights. The most visible change is that there was a doubling of the number of arbitrated individual labour disputes from 2007 to 2008, which is an obvious manifestation of workers’ rapidly elevated awareness of the opportunity to preserve their rights by the means of law. They may also raise workers’ awareness of their general rights and interests, based on the formalisation of labour contracting at workplaces. There were signs of the commencement of collective labour relations, in that ‘when both urban workers and rural migrant workers experienced complete marketisation of their employment status, their consciousness of collective labour relations began to evolve and strengthen.’⁶⁶

The central government, in making and implementing the legislation, send a message to workers and society, as well as to local governments and enterprises, about the state’s determination to improve workers’ livelihood. Partially because of milder restrictions on society and especially the media, the first time that some mainstream Chinese websites, such as sina.com, sohu.com, used the term ‘strike’, instead of the ‘work-stoppage’ or ‘slow-down’ which were previously used by these official websites, was in reporting the summer 2010 strike wave. Some reports of the strikes conducted in-depth investigations which illustrate this. The majority of these reports pointed out how fundamentally labour conflicts were provoked by the imbalance of power between workers and employers.

⁶⁴ Cooney, S., Biddulph, S. and Zhu, Y. (2013), *Law and Fair Work in China*, p. 92-93, London: Routledge.

⁶⁵ Cooney, S., Biddulph, S. and Zhu, Y. (2013), *Law and Fair Work in China*, p. 102-103, London: Routledge.

⁶⁶ Chang, K. (2013), ‘The Collective Transformation of Labor Relations and the Improvement of the Government’s Labor Policy’, in *Social Sciences in China*, 2013(6), pp. 91 – 108. In Chinese.

1.3 Research Questions, Analytical Framework and Structure

1.31 The Research Questions

An important feature of Chinese industrial relations is the changing role of collective labour since the early 2000s. The authorities in Beijing have introduced substantial new legislation and policies aimed at strengthening the contractual basis of employment and encouraging the extension of trade union membership and collective bargaining. Meanwhile, unofficial strikes in non-state sectors have become increasingly severe in terms of their intensity and complexity. The Chinese trade unions, which in law protect workers' rights, have encountered challenges from the increasing demands of these strikes.

As an integral part of institutionalised collective labour relations, trade unions have become conspicuous in terms of their role in strikes. The purpose of this research is to cast light on how Chinese trade unions in practice deal with strikes in foreign invested enterprises. Accepting that there were changes in the relationships between the state and the workers in 2010 strike waves, as presented in the previous sections, will there be new behavior on the part of the trade unions, and in which ways? It attempts to identify the trade union's role, and how this was shaped by the reciprocal actions and influences among the relevant actors in the settlement. Central questions surrounding this research are:

- 1) What is the institution for the unions to resolve strikes?
- 2) How far they can or cannot resolve the disputes?
- 3) What are the conditions contributing to their behaviour?

1.32 The Structure of Chapters

The thesis consists of seven chapters. After this introduction chapter, Chapter 2 presents the relevant theories and literatures. By identifying the different assumptions, based on the different labour relations systems established in most industrial countries, as opposed to in China, two relevant theories of 'Classic Dualism' and 'state corporatism' are identified as the foundation of trade unionism in China. The chapter also explores the literatures on wildcat strikes in the West and in China. It argues that

there have been few in-depth studies on the topic in China, and research particularly lacks insights from the inside at the grass-roots level that might be based on case studies.

Chapter 3 elaborates the evolution of Classic Dualism, looking for the particular consequences with regard to the dynamics of the nature, structure, functions and approaches in the transition to markets. These aspects have significant implications for the union's function in strikes. The chapter also provides an account of the development of the law and of regional regulations relating to dispute resolution, which is the institutional basis of the union's dispute resolution function.

Chapter 4 introduces the research methods that this thesis adopts for case studies and participant observation. In this chapter, the narrative of my ethnographic enquiry provides the background for an understanding of the broader labour relations system. It is followed by a brief summary of the 17 cases used in the fieldwork. The conduct of the six main cases, with interviews with the key figures, is then introduced. One appendix of the list of the 17 cases conducted in the fieldwork is placed at the end of the chapter.

Analyses of the case studies are framed within the Chinese labour relations system of 'three parties, four actors'. In Chapter 5 and Chapter 6, the analysis, drawing on the facts relating to the conduct of individual strikes, will concentrate on the workplace and regional trade unions as a whole, and examine their interplay with the other three actors: the government, the management and the workers. Six case studies of strikes, where the trade unions are involved at different layers in the dispute resolution process are to be presented.

In Chapter 7, a section of discussion (7.1) summarises the union's role in strikes from the case studies and the impact of strikes on the workplace labour relations in the cases, with reference to recent trade union reforms. A section of conclusion (7.2), based on the main arguments in previous chapters, explores the potential and constraints of the representative functions of current trade unionism in China.

Chapter Two - A Changing Industrial Relations System: Theory and Literature Review

The Pluralist analysis is essentially benign in that it sees as broadly satisfactory the present pattern of opportunities for mobilizing power, influence, and justice enjoyed by the various interests and pressure groups. British society offers, it is believed, full and fair freedom for any legitimate body of opinion to organize, disseminate its views, press its interests, and try to persuade others, including relevant decision makers.

Alan Fox 1985: 21

Under the 'socialist market economy', the trade union was not supposed to represent the interests of the employees in relation to the employer, but was still supposed to represent the interests of the entire 'labour collective', the enterprise as a whole ...[which was] in principle non-adversarial...

Simon Clarke 2005: 9

The labour relations framework based on a power relationship in the West is clearly differentiated from the framework on which the Chinese labour relations and trade unions operate. This section provides a theoretical account to identify the relevant factors contributing to union activities in China.

2.1 Trade Union in the West

2.11 The Starting Theories – Unitary, Pluralist and Marxist

The three theories, unitary, pluralist and Marxist, provide different views of relations between the state, the firm and the trade union. They deal with two main questions: firstly whether there exist different interests between labour and capital; secondly, if the answer to the first one is yes, then whether the conflict arising from their different pursuit can be resolved. A crude simplification would be that while the unitarist alone says 'no' to the first question, and the Marxist alone says 'no' to the second question, then the pluralist answers both questions 'yes'.

Unitary approach

The unitary approach to the management of labour assumes that there is a unity of interest between workers and employers; while employers pursue profit maximisation, workers may seek to achieve a compatible end of fulfillment and intrinsic rewards.⁶⁷ It adopts typically managerialist perspectives by focusing on organisational effectiveness and economic efficiency,⁶⁸ and stressing the absolute authority of the management.⁶⁹ It supports perspectives such as ‘the organization as a unitary structure with but one source of authority, leadership, and loyalty.’⁷⁰

It is commonplace that the unitarist perspective is the basis of managerial doctrines that endow the unitary power to the manager in enterprises. It employs internal management approaches, while precluding or minimising the influence of the trade union and government regulation.⁷¹ Its main goals are ‘increas(ing) flexibility and cost competitiveness while maintaining their non-union status.’⁷² The unitary approaches were typical of employers in the nineteenth century before trade unions developed. Nowadays this approach largely exists ‘in the context of paternalistic family concern, or a plant that is geographically isolated, or a company whose policy combines non-unionism with the payment of wages well above the rates prevalent in the locality’.⁷³

Apart from managerial legitimation, the unitary ideology also has implications for the state, exemplified by ‘laissez faire’ policies, where the ‘sphere of production is

⁶⁷ Budd J. and Bhavé D. (2008), ‘Values, Ideologies, and Frames of Reference in Industrial Relations’, in Blyton P., Bacon N., Fiorito J. and Heery E. (eds.), *The SAGE Handbook of Industrial Relations*, p. 103. London: SAGE.

⁶⁸ Kaufman, B. E. (2011), ‘Human Resources and Industrial Relations: commonalities and differences’, p. 362, in *Human Resource Management Review*, 11(4), pp. 339-374.

⁶⁹ Fox, A. (1985), *Man Mismanagement*, p. 146, 2nd Edition, London: Hutchinson.

⁷⁰ Fox, A. (1985), *Man Mismanagement*, p. 31, 2nd Edition, London: Hutchinson.

⁷¹ Tead & Metcalf (1920), cited by Kaufman, B. E. (2011), ‘Human Resources and Industrial Relations: commonalities and differences’, p. 347, in *Human Resource Management Review* 11.

⁷² Katz, H. C., Kochan, T. A., and Colvin, A. J. S. (2008), *An Introduction to Collective Bargaining and Industrial Relations (4th Edition)*, Irwin: McGraw-Hill.

⁷³ Fox, A. (1985), *Man Mismanagement (2nd Edition)*, p. 147, London: Hutchinson.

conceived of as harmonious, unitary reality which is self-maintaining'.⁷⁴ Interferences by either the state or the trade unions are, by implication, unnecessary and disturbing.

Pluralist approach

The pluralist perspective holds that there exist a variety of groups with their own interests and beliefs.⁷⁵ Pluralists believe in the divergent interests of social groups, and of these generating conflicts. Pluralists do not only study the tensions among actors at workplaces, but also seek to shed light on the institutional resolution of the sources of tension between labour and capital. They seek for resolutions *within* the current capitalist production framework. The pluralist framework encompasses: the institutions of collective bargaining between trade union and management at the workplace level; a tripartite framework that includes the state, employers' organisations and trade unions in the decision-making process; and a state with a neutral role in maintaining well-functioning institutions.

Pluralists in the US and the UK, from their distinctively different contexts, illustrate these accounts. Rejecting previous studies of industrial relations which had been the 'subset of several fields of study', the US economist John Dunlop defined his 'system' as an analytical framework with the specific intent of integrating the study of industrial relations.⁷⁶ The industrial relations system comprises three different sets of actors or participants, the workers and the trade union, the employers and the employer association and the government. Actors act in a shared set of contexts including market, technology, society, economy and politics. The centre of the industrial relations system is the 'web of rules' that is both the regulatory framework in which parties interact and operate, and the outcome of negotiations and bargaining among the parties.⁷⁷

⁷⁴ Sycholt, M. and Klerck, G. (2010), 'The State and Labour Relations: Walking the Tightrope between Corporatism and Neo-liberalism', p. 202, in Keulder C. (ed.) *State, Society and Democracy: A Reader in Namibian Politics* (2nd edition), Windhoek: Macmillan.

⁷⁵ Clegg, H. A. (1975), 'Pluralism in Industrial Relations', p. 209, in *British Journal of Industrial Relations*, 13(3).

⁷⁶ Kelly, D. J. (2004), 'The transmission of ideas in employment relations: Dunlop and Oxford in the development of Australian industrial relations thought, 1960-1985', p. 8-9, in *Advances in Industrial Relations and Labor Relations Research*, 13, pp. 249-78.

⁷⁷ Dunlop, J. T. (1993), *Industrial Relations Systems*, revised edition, Boston: Harvard Business School.

The British pluralists from the Oxford School were differentiated from Dunlopian in terms of the self-perceived value-free framework of the latter.⁷⁸ The Oxford School adopts a normative stance, whose accounts in some respects allied with the Marxist. Clegg commented on arguments in Alan Fox's *Beyond Contract*, that the imbalance of the employment power relationship was the premise of the principal pluralist means of collective bargaining. But if it could partially correct the outcomes, it could not fundamentally alter this imbalance. Similarly, his practitioner colleague Flanders contended that collective bargaining mechanisms, for all their benefits, fail in changing the inferior position of the union to capital.⁷⁹

This emphasises the inherent bias of power that favours the employer against the individual worker. They emphasise the managerial prerogative associated with the employer's authority in an unequal economic system. The trade unions act as pressure groups to balance at least partially the unequal power between the 'dominant group' (the management) and the 'other' (workers). Hence, the body of rules is required to allow freedom to function to these pressure groups, such as rights of association and free speech.⁸⁰ Pluralists regard collective bargaining as a 'rule-making process', a workers' share of the management.⁸¹ Underpinning the analysis is the idea of empowering workers⁸² by 'orient(ing) workplace behaviour towards a broader structure of social power relations'.⁸³ Therefore, for British pluralists, the system of industrial relations is trade union centred job regulation.

⁷⁸ Kelly, D. J. (2004), 'The transmission of ideas in employment relations: Dunlop and Oxford in the development of Australian industrial relations thought, 1960-1985', p. 8, in *Advances in Industrial Relations and Labor Relations Research*, 13, pp. 249-78.

⁷⁹ Flanders, A. (1968), 'Collective Bargaining: A Theoretical Analysis', p. 234, in *Management and Unions: The Theory and Reform of Industrial Relations*, (1975), Faber and Faber: London.

⁸⁰ Fox, A. (1985), *Man Mismanagement*, p. 146. London: Hutchinson; H. A. Clegg, Pluralist in Industrial Relations, in *British Journal of Industrial Relations*, XIII (3), pp. 309-316.

⁸¹ Flanders, A. (1968), 'Collective Bargaining: A Theoretical Analysis', p. 235-6, in *Management and Unions: The Theory and Reform of Industrial Relations*, (1975), Faber and Faber: London.

⁸² Otto, K. F. (1969), Clegg, A. (1972), Hyman, R. and Brough, I. (1975), cited by Kelly (2004). Kelly, D. J. (2004), 'The transmission of ideas in employment relations: Dunlop and Oxford in the development of Australian industrial relations thought, 1960-1985', p. 11, in *Advances in Industrial Relations and Labor Relations Research*, 13, pp. 249-78.

⁸³ Brown, W. and Wright, M. (1994), 'The Empirical Tradition in Workplace Bargaining Research', p. 162, in *British Journal of Industrial Relations* 32(2), pp. 153- 164.

Marxist approach

The Marxist approach asserts that industrial societies are indicative of material inequality and unbalanced power, which generate continuous possibilities for conflict of interest. The Marxist theory goes beyond the current capitalist production framework. Because workers' working conditions are determined on a fundamentally unequal basis, the Marxists deny the chance of overcoming the inequality by any form of collaboration with the employers.⁸⁴

The disadvantages of the Marxist approach in providing a basic paradigm of industrial relations stems from the nature of the relations between employer and employee that it implies. This is as an essentially economic relation rooted in overt conflict. It neglects the fact that, in practice, a high degree of co-operation is achieved within this unequal relationship. This is of necessity, because the subject of industrial relations is highly pragmatic. This leads to the main-stream of contemporary academics seeing the issue as essentially a political issue. In developed societies where there are trade unions, their survival to a large extent depends upon their co-operating with employers. And particularly when employees are making demands with demonstrations of resistance against the managerial authority, there is also the possibility for the employers to consider employee's interests.⁸⁵ Trade union philosophies of the twentieth century which rejected co-operation in favour of uncompromising confrontation proved to be unsuccessful. A consequence in the twenty-first century is the marginalisation of radical ideologies.

2.12 Power-relations in Dispute Resolution

In Western countries, the pluralist perspective has been the mainstream underpinning the regulatory frameworks of labour dispute resolution. The Oxford School's concern with the imbalance of industrial relations in a capitalist society has much common ground with the Marxist approach in their central concern with power relations and egalitarian values; that both philosophies recognise the importance of the imbalance

⁸⁴ Hyman, R. (1975), *Industrial Relations: A Marxist Introduction*, Basingstoke: MacMillan.

⁸⁵ Fox, A. (1971), 'Organisational Design and Management Style', in *Personnel Review*, 1(1), pp. 12-20.

of property rights between employer and employee, heavily weighted towards the employer.

A necessary pre-condition is workers' united leverage as a collective force vis-à-vis that of employers. Employment relations are essentially an economic relationship, whereby 'the content and interpretation of the contract depends heavily upon the power relationship between the employer and the employees' trade union organisation'.⁸⁶ Without the collective leverage, workers cannot effectively 'exercise voice in the firm'.⁸⁷ The source of labour disputes is not only the basic conflict stemming from the distinct interests between the capital and workers; there is also 'organisational hierarchy' in the capitalist mode of production.⁸⁸

Union centred mechanisms are commonplace in resolving the disputes. In unionised establishments, trade unions guarantee workers' rights in labour disputes through collective bargaining, works councils and union grievance procedures. The trade union also provides latent support to the individual cases, by regulating terms and conditions, and supporting arbitration machinery in collective agreements.⁸⁹ Grievance procedures even for unorganised workers typically involve committees appointed by management, supervisor-centered teams and a grievance process where workers are provided with an appeal mechanism.

The strike is regarded as a sign of union power, symbolic of workers' power, and a means to 'strengthen trade union's institutional position'.⁹⁰ A limitation on industrial

⁸⁶ Brown, W., Deakin, S., Hudson, M., Pratten, C., and Ryan, P. (1998), *The Individualisation of Employment Contracts in Britain*, p. 8, London: DTI.

⁸⁷ Lewin, D. (1999), 'Theoretical and empirical research on the grievance procedure and arbitration: a critical review', p. 142, in Eaton, A. E. and Keefe, J. H. (eds.), *Employment Dispute Resolution and Worker Rights in the Changing Workplace*. Champaign, Ill. : Industrial Relations Research Association, pp. 137–86.

⁸⁸ Lewin, D. (2008), 'Resolving Conflict', p. 448, in Blyton, P., Bacon, N., Fiorito, J. and Herry, E. (eds.), *The SAGE Handbook of Industrial Relations*, London: SAGE.

⁸⁹ Michelle, K. (1999), 'New Forms of Work Organization and Their Impact on the Grievance Procedure', p. 220 – 223, in Eaton, A. and Keefe, J. (eds.), *Employment Dispute Resolution and Work Rights in the Changing Workplace*, Madison, WI: Industrial Relations Research Association.

⁹⁰ Edwards, P. K. (1981), *Strikes in the United States 1881-1974*, p. 30, Oxford: Basil Blackwell.

action will jeopardise the union's bargaining power.⁹¹ In the ILO conventions, though in the absence of 'any explicit, declarative statement', the right to strike bestows the right to freedom of association.⁹² And in major Western countries, the right to strike is 'an integral part of the society's way of daily functioning'.⁹³ It is 'central to collective bargaining',⁹⁴ Laws on strikes provide an indirect but influential legal framework for collective bargaining. The rights are institutionalised to be closely linked to rights for engagement in collective bargaining.⁹⁵

In Britain, unauthorised strikes are made up of unofficial strikes – those without formal union's involvement – and unconstitutional strikes – those in the breach of the agreed procedure.⁹⁶ Unauthorised strikes comprised a substantial proportion of all strikes in the third quarter of the twentieth century. Research on the high tide of strikes in the West in the 1960s – 1970s suggested that strikes were typically short, small and fragmented,⁹⁷ which was partially resulted by disordered payment systems such as those based on piecework and informal bargaining characterised by 'custom and practice'.⁹⁸ Shop stewards were the active actors in leading these strikes to force the managers to make concessions. It reflected a move from industry-wide bargaining, to domestic bargaining. These strikes were regarded at the workplace to be 'effective' in defending the workers' interests. The boundaries of the formal institutions had been changed as a result of evolving shop steward organisation. Initially intended to be possibly a member of the works committee and with a function as 'dues collectors for

⁹¹ Brown, W., Deakin, S., Hudson, M., Pratten, C., and Ryan, P. (1998), *The Individualisation of Employment Contracts in Britain*, London: DTL.

⁹² Bellace, J. (2014), 'The ILO and the right to strike', p. 30, in *International Labour Review*, 153(2014), No. 1, pp. 29 – 70.

⁹³ Kornhauser, A. (1954), 'Human Motivation Underlying Industrial Conflict', p. 17, in Kornhauser, A. (eds.), *Industrial Conflict*, London: Mcgraw-will Book Company.

⁹⁴ Brown, W. and Oxenbridge, S. (2004), 'Trade Union and Collective Bargaining: Law and the Future of Collectivism', p. 66, in Barnard, C., Deakin, S. and Morris, G. S., (eds.), *The Future of Labour Law*, Oxford and Portland Oregon: Hart Publishing.

⁹⁵ Ewing, K. (2004), 'Laws Against Strikes Revisited', in Barnard, C., Deakin, S. and Morris, G. S., (eds.), *The Future of Labour Law*, Oxford and Portland Oregon: Hart Publishing.

⁹⁶ Brown, W. (2013), 'The Ending of Unauthorized Strikes in the West: Some Policy Implications for China', in *International Journal of Comparative Labour Law and Industrial Relations*, 29: 2, pp. 167-184.

⁹⁷ Clegg, H. A. (1970), *The System of Industrial Relations in Great Britain*, p. 331, Oxford:Blackwell.

⁹⁸ Brown, W. (2013), 'The Ending of Unauthorized Strikes in the West: Some Policy Implications for China', in *International Journal of Comparative Labour Law and Industrial Relations*, 29: 2, pp. 167-184.

the unions', the function and activity of shop stewards significantly broadened,⁹⁹ with a gradual inclusion of shop stewards into the formal structure, as the management gave them fuller recognition and support.

The shop stewards were however confronted by severe crisis after 1980, accompanying the increasing pressure of the market. Facing the intensifying of product market competition, managers in the UK generally tightened their management through more strategic management methods in pay. At the same time, recognition of workplace union representatives and the range of issues negotiated in collective bargaining were constrained. To survive, the previously confrontational shop stewards became increasingly cooperative in character.

2.13 Changing Power Relationships in Western Societies

The decline of union power in the west is the prominent phenomenon since the last quarter of the twenty-century. In the twentieth century trade unions became a widely accepted basis of challenge to unitary approaches. Rising competitive pressures in the West however have caused the decline of trade unions and collective bargaining. Because they face a diminished challenge from trade unions, and thus less need to make concessions to the intrinsically different interests of workers, employers became more able to act on unitarist assumptions. As a result, academic analysis has swung away from an awareness of the utility of pluralist approaches that analyse the intrinsic power relationship between employers and organized labour, towards personnel management and Human Resources Management (abbreviated as HRM) approaches. These HRM approaches tended to ignore bargaining behaviour and power relationships, so that trade unions were removed from the central focus.¹⁰⁰

The underlying driving force is the competitive pressures under globalisation, of which the growth of international trade is a fundamental component. Comparative advantage in the low cost developing world brought about the relocation of production from the West as a central strategy of capital. Moreover, the 'global

⁹⁹ Crouch, C. (1982), *Trade Unions: The Logic of Collective Action*, p. 184-185, Glasgow: A Fontana Original.

¹⁰⁰ Brown, W. and Wright, M. (1994), 'The Empirical Tradition in Workplace Bargaining Research', p. 154, in *British Journal of Industrial Relations* 32 (2) pp. 153- 164.

capitalism' portrayed by the new-Marxist School indicated the unchanged logic of the accumulation of global capitalism accompanied the dramatically changed location and forms.¹⁰¹ As a consequence, the power of capital in reshaping power relationships within a global scope was epitomised by struggling for decent income, health and safety at work, and control over the labour process.¹⁰² The logic of 'efficiency first' brought about by globalisation is reinforced by the state-dominated process of economic development in developing countries.

2.2 Chinese Trade Union in the Transition

2.21 Contradictions in Labour Relations from Unitary to Pluralist

China's reforms are leading to an industrial society with the emergence of pluralist interests among the state, employers and workers. The planned economy in China before its economic reform in the 1980s adopted an overall unitary framework of employment. Different from the unitary theory in Western labour relations, the ruling actor in China was not the management, but the state. The Chinese unitary labour relations presented and assumed a unity of interests not only between the employer and the employees, but also between the enterprises and the state.¹⁰³ In the transition, the legacy of this unitary relationship that was formed in the socialist period is maintained in the emerging relationship between the one-party state and the pluralist society in capitalist China.

The prominent feature in Chinese contemporary labour relations is the relations among the state, the trade union, the worker and the management. Different from the classic labour relations framework of the interaction between the three parties,¹⁰⁴ the Chinese labour relations framework is constituted by 'four actors', and presented in a

¹⁰¹ Chan, C. K. C. (2010), *The Challenge of Labour in China: Strikes and the changing labour regime in global factories*, p. 177, London: Routledge.

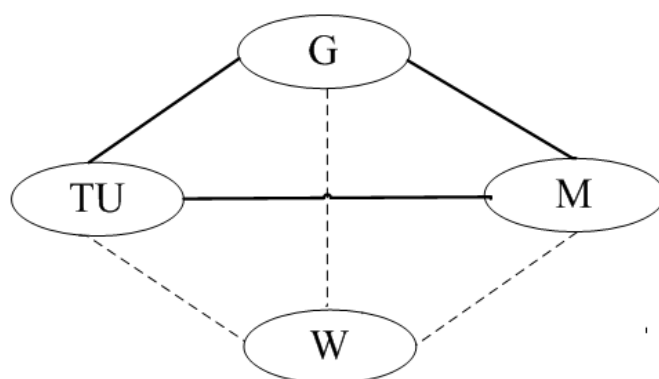
¹⁰² Hyman, R. (2008), 'Author's Remark: to the Chinese readers', in *Industrial Relations: A Marxist Introduction*, trans. Hei Q. M. (2008), Beijing: China Labour and Social Security Press. In Chinese; also see Chan, C. K. C. (2008), *The Challenge of Labour in China: Strikes and the Changing Labour Regime in Global Factories*, p. 13, PhD Thesis, Warwick University.

¹⁰³ Taylor, B., Chang, K. and Li, Q. (2003), *Industrial Relations in China*, Cheltenham: Edward Elgar.

¹⁰⁴ Dunlop, J. T. (1993), *Industrial Relations Systems (Revised edition)*, Boston: Harvard Business School.

‘three party – four actor’ structure of labour relations (See Figure 4).¹⁰⁵ In this framework, the party of ‘labour’ was divided into the trade union and the workers, in a collective sense. The workers’ individual rights are institutionalised into the system, protected by the legal frameworks. But their own organisations and collective actions are not incorporated into the system owing to the absence of protection of independent organizational rights. The workers’ formal organisations are represented by the ACFTU and its affiliated branches, of the latter, however, the pursuit, functions and approach are institutionally differentiated from the workers’ collectivism. In strikes, compared with their western counterparts which are confronted by the management, and sometimes the government, the Chinese trade unions are located in a ‘quadripartite’ relations among the workers, the government, and the management.¹⁰⁶

Figure 4 Actors’ structure in general labour relations in China



A ‘Three Party – Four Actor Structure’ of Labour Relations System.¹⁰⁷

Hence, when both China and the West developed pluralist perspectives, which are based on the acknowledgement of the different pursuits of the multiple interest groups and the quest for compromise mechanisms between these groups, the communist trade unions in China became the foci in the regulatory framework of labour relations,

¹⁰⁵ This framework was firstly depicted in Taylor, B., Chang, K. and Li, Q. (2003), *Industrial Relations in China*, p. 25, Cheltenham: Edward Elgar; and then in Chen, F. (2010), ‘Trade Unions and the Quadripartite Interactions in Strike Settlement in China’, in *The China Quarterly* 201 March 2010, pp. 104-124.

¹⁰⁶ Chen, F. (2010), ‘Trade Unions and the Quadripartite Interactions in Strike Settlement in China’, in *The China Quarterly* 201 March 2010, pp. 104-124

¹⁰⁷ Taylor, B., Chang, K. and Li, Q. (2003), *Industrial Relations in China*, p. 25, Cheltenham: Edward Elgar.

which remains attached to the idea of the non-adversarial nature of relations between labour and capital. This analytical framework of ‘three party – four actor’ is to be applied in this research to analyse the quadripartite interactions in strike settlements.

2.22 The State-union Relations – a Discussion of Corporatism

State-society relations under marketisation

The development of a market economy, the weakening of ideological values, and the retreat of the state demonstrates a growing separation between society and the state.¹⁰⁸

The early work by Yang investigated ‘economic corporate groups’. Yang observed the intensification of internal tensions between the workers and the leadership within enterprises. One important insight from Yang’s findings was that the ‘dual character and tension embodied in the socialist factory work unit’ was the root cause of the conflict at the workplace, because there was ‘a structural opposition between the corporate group and the state.’¹⁰⁹ Yang predicted ‘the first step toward a broader role for civil society is being taken in the economic sphere.’¹¹⁰ White investigated the relationship between private economic agents and the state in Xiaoshan in Zhejiang Province. These organisations were largely influenced, and at times dominated, by the state. They served as the intermediary, by playing a dualist role of representing both their members and the state. In these cases, elements of civil society can be found in these organisations.¹¹¹ A more recent study by Watson written in 2008 maintained that the emerging associations during the current reform era would lead to a civil society

¹⁰⁸ See books of essay collections, such as Rosenbaum, A. L. (1992) (eds.), *State and Society in China: The Consequence of Reform*, San Francisco: Oxford; Shambaugh, D. (1993) (eds.), *American Studies of Contemporary China*, Washington, D.C.: Woodrow Wilson Center Press; and Brook, T. & Frolic, B. M. (1997) (eds.), *Civil Society in China*, New York: M. E. Sharp. And see journals with special issues, such as *Modern China*, Vol. 19, No. 2, Symposium: ‘Public Sphere’/ ‘Civil Society’ in China? Paradigmatic Issues in Chinese Studies, III. (Apr. 1993), and *The China Quarterly*, No. 150, Special Issue: Reappraising Republic China. (Jun. 1997), *Journal of Contemporary Asian Development*, special Issue: Meeting Governance Challenges in China: Between the State and Society, (2012) 11: 2.

¹⁰⁹ Yang, M. H. (1989), ‘Between State and Society: The Construction of Corporateness in a Chinese Socialist Factory’, pp. 55, in *The Australian Journal of Chinese Affairs*, No. 22 (Jul. 1989), pp. 31-60.

¹¹⁰ Yang, M. H. (1989), ‘Between State and Society: The Construction of Corporateness in a Chinese Socialist Factory’, pp. 60, in *The Australian Journal of Chinese Affairs*, No. 22 (Jul. 1989), pp. 31-60.

¹¹¹ White, G. (1993), ‘Prospects for Civil Society in China: A Case Study of Xiaoshan City’, p. 65, in *The Australian Journal of Chinese Affairs*, No. 29 (Jan. 1993), pp. 63-87.

in China. He held that the civil society in China was ‘transitional’, and ought to be debated in the context of a ‘transitional state’. Yet he predicted a potential civil society, cultivated by increasing acceptance of habits, practices, values in associational life.¹¹² Walder’s findings in urban industrial establishments revealed the workers’ emerging pursuit of interests that were distinctive from those of the state, providing similar evidence tending toward a civil society.¹¹³ Unger and Chan noted a change of some small local organisations ‘obtain(ing) a measure of autonomy.’¹¹⁴ Work by Pearson in 1996 explored the private entrepreneurs and foreign managers in enterprises. Pearson concluded that the nature of Chinese state-society relations was a hybrid pattern combining both socialist corporatism and clientelism.¹¹⁵ She explicitly rejected the terminology of a civil society model in describing Chinese state-society relations.¹¹⁶

Acknowledging the existence of conditions for the emergence of a civil society, scholars challenged the civil society interpretation in China, revising the term of civil society as ‘semi-civil society’ and ‘state-led civil society’.¹¹⁷ Empirical studies find the prominent characteristic of the civic associations is their dependence on the state-government. Foster found it was difficult for some government-created business associations to develop effective mediatory functions between the state and their members. They were largely constrained by the government’s hierarchical control, due to the state’s political concerns. Anxious about the state’s unwillingness to co-operate, these associations worked cautiously within the rather limited sphere that

¹¹² Watson (2008) cited by Unger, J. (2008), ‘Introduction: Chinese Associations, Civil Society, and State Corporatism: Disputed Terrain’, in Unger, J. (ed.), *Associations and the Chinese State: Contested Space*, Armonk: M. E. Sharpe.

¹¹³ Walder, A. G. (1992), ‘Urban Industrial Workers: Some Observations on the 1980s’, in Rosenbaum, A. L. (eds.), *State and Society in China: The Consequence of Reform*, San Francisco: Oxford.

¹¹⁴ Unger, J. (2008), ‘Introduction: Chinese Associations, Civil Society, and State Corporatism: Disputed Terrain’, p. 8, in Unger, J. (ed.), *Associations and the Chinese State: Contested Space*, Armonk: M. E. Sharpe.

¹¹⁵ Pearson, M. M. (1997), *China’s New Business Elite: The Political Consequences of Economic Reform*, pp. 5. Berkeley: University of California Press.

¹¹⁶ Pearson, M. M. (1997), *China’s New Business Elite: The Political Consequences of Economic Reform*, pp. 23-32. Berkeley: University of California Press.

¹¹⁷ These two terminologies stemmed from He, B. G. (1997) and Frolic, B. M. (1997) separately, and both cited by Liu, A. (2009), ‘Civil Society? Corporatism?’, in *Law, History and Philosophy*, 2009(5). In Chinese.

they felt was legitimised by the state.¹¹⁸ Clarke and Lee probed the tripartite consultation system in China, finding that neither the trade union nor the enterprise associations were independent from government.¹¹⁹ Yep identified two reasons contributing to the associations' failure in fulfilling dualist functions, namely the lack of effective communication with both the government and the workers, and the lack of internal solidarity that lies behind the members' perception of their interests.

Divergent state regulatory approaches

Civic associations are confined within the state's regulatory frameworks. Studies suggest there is enormous diversity within the state regulatory framework of civic associations. Kang and Han categorised the government's control over civic associations, by focusing on the different attitudes and strategies toward different types of associations.¹²⁰ They argued that government adopted different strategies in regulating associations by taking into consideration first the associations' potential capability of challenging the government, and second the government's need for the public service that the associations could provide. Howell, after examining developments in the institutional changes in regulating civil organisations, came to a similar conclusion that civil organisations characterised by the provision of social welfare were more favoured by the state's regulatory framework than those characterized by rights promotion or political protests.¹²¹

Studies revealed that professional associations, especially in the economic field, had enjoyed encouragement by the government. Howell stated the selective state strategy has become more supportive and *laissez faire* in regulating its relations with the commercial societies, facilitating the development of trade associations such as the

¹¹⁸ Foster, K. W. (2002), 'Embedded within State Agencies: Business Associations in Yantai', in *The China Journal*, No. 47 (Jan., 2002), pp. 41-65.

¹¹⁹ Clarke, S. and Lee, C. H. (2002), 'The Significance of a Tripartite Consultation in China', in *Asia Pacific Business Review*, 9, 2.

¹²⁰ Kang, X. G. and Han, H. (2005), 'Control by Category: study on the state-society relations in contemporary mainland China', in *Sociological Study*, 2005 (6). In Chinese.

¹²¹ Howell, J. (2012), 'Civil Society, Corporatism and Capitalism in China', p. 288, in *Journal of Comparative Asian Development, special Issue: Meeting Governance Challenges in China: Between the State and Society*, 11: 2, pp. 271-97.

business associations and chambers of commerce.¹²² These principles were ‘cultivating, developing and establishing’ self-negotiating and self-disciplinary institutions. Sun argued the aim was to facilitate the reform of governmental institutions, to transform government functions, and encourage the development of industrial institutions.¹²³ Two empirical research studies by Lin and Oi focused on the township and village enterprises in rural areas. Their studies depicted government-led collusion at local level, between the government, the enterprises and other institutions.¹²⁴ In Lin and Oi’s works and the previously mentioned Pearson’s work, a common finding was the unitary interest between the enterprises and local government, as a unique factor in motivating actors to reach commitment and compromise.

Trade union as a state corporatist organisation

China’s current regulatory framework on civic associations is characterised by overall restrictions and is politically tightly constrained; while it is selective with regard to those regulations that have been relaxed and to the policies aimed at encouraging economic growth and social stability. State-union relations have been embedded in a form of state corporatism, where the official trade union has been treated as a ‘quasi-governmental organisation’,¹²⁵ ‘highly bureaucratised association’,¹²⁶ or ‘a *de facto* government institution’.¹²⁷

¹²² Howell, J. (2012), ‘Civil Society, Corporatism and Capitalism in China’, p. 286, in *Journal of Comparative Asian Development, special Issue: Meeting Governance Challenges in China: Between the State and Society*, 11: 2, pp. 271-97.

¹²³ Sun, B. Y. (2002), ‘Professional Associations and Civil Self-Governance in the Economic Field’, p. 144, in Yu, K. P. (ed.), *The Emergence of China’s Civil Society and the Transformation of the Governance*, Beijing: Social Science Archive Press. In Chinese.

¹²⁴ The two terms are Oi’s ‘local state corporatism’ and Lin’s ‘local market socialism’. Oi, J. C. (1995), ‘Role of the Local State in China’s Transitional Economy’, in *The China Quarterly*, No. 144, *Special Issue: China’s Transitional Economy* (Dec. 1995), pp. 1132-1149; Lin, N. (1995), ‘Local market socialism: Local corporatism in action in rural China’ in *Theory and Society*, 24: 301-54.

¹²⁵ Kang, X. G. and Han, H. (2005), ‘Control by Category: study on the state-society relations in contemporary mainland China’, in *Sociological Study*, 2005(6). In Chinese.

¹²⁶ Yu, K. P. (2006), ‘Chinese Civil Society: Conception, Classification and the Institutional Environment’, in *Social Sciences in China*, 2006(1). In Chinese.

¹²⁷ Chen, F. (2009), ‘Union Power in China: Source, Operation, and Constraints’, p. 665, in *Modern China*, 35, 6, Nov., p.662-689.

The seminal work in discussing the state – trade union – workers relations was ‘*Revolution or Corporatism? Workers and Trade Unions in Post-Mao China*’ by Chan, where the state-corporatist approach was for the first time applied to Chinese trade unions. Taking reference from Pravda and Ruble, Chan stated that, in the transitional socialist state, the trade union is located in the corporatist edifice dominated by the party-state. In her later book chapter, she concluded there was a possible trend of Chinese trade unions from state corporatism to societal corporatism.¹²⁸ In another work from Unger and Chan, they argued that China’s major associations were typically in the form of state-corporatism.¹²⁹

The heuristic contribution of Chan’s argument points to the need for probing the nature of Chinese trade unions as a state corporatist organisation. Schmitter (1974) defined corporatism as,

...[A] system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and support.¹³⁰

And he distinguished two subtypes of the corporatist representation, societal corporatism and state corporatism. Distinguishing features between the two were the ‘autonomous and penetrative’ nature of societal corporatism and the ‘dependent and penetrated’ nature of state corporatism.¹³¹

For practical purposes, scholars found societal corporatism was best located on a pluralist continuum; while state corporatism presented a ‘starkly different order of

¹²⁸ Chan, A. (2008), ‘Chapter Three China’s Trade Unions in Corporatist Transition’, p. 85, in Unger, J. (ed.) *Associations and the Chinese State: Contested Space*, Armonk: M. E. Sharpe.

¹²⁹ Unger, J. (2008), ‘Introduction: Chinese Associations, Civil Society, and State Corporatism: Disputed Terrain’, p. 8, in Unger, J. (ed.) *Associations and the Chinese State: Contested Space*, Armonk: M. E. Sharpe.

¹³⁰ Schmitter, P. C. (1974), ‘Still the Century of Corporatism?’, p. 93, in *The Review of Politics*, 36:1, (Jan., 1974), pp. 85-131.

¹³¹ Schmitter, P. C. (1974), ‘Still the Century of Corporatism?’, p. 102-3, in *The Review of Politics*, 36: 1, (Jan., 1974), pp. 85-131.

incorporation'.¹³² In short, societal corporatism is a certain type of pluralism, while state corporatism is another thing altogether. As Schmitter stated, though structurally similar, these two subtypes 'are revealed as the products of very different political, social and economic processes, as the vehicles for very different power and influence relations and as the purveyors of very different policy consequences.'¹³³

The definitions provided by Crouch are better for understanding the nature of corporatism. Crouch's theory shed light on the dualist aspect of interest representation with both the state and the members. This was incorporated by Schmitter in his more explicit statements on the organisation's dualist-function, reflecting 'both interest articulation...and responsibility for delegated enforcement of government policy.'¹³⁴ The major interest groups in society are the constituent parts of corporatism, they are granted right representation in national decision-making, and some degree of functional autonomy, while having the duty of maintaining internal order within the organisations to ensure the social discipline in the need of the nation-state as a whole.¹³⁵ By referring to the intermediary's membership discipline and representation, Crouch distinguished different forms in corporatism (authoritarian corporatism and liberal or bargained corporatism) and pluralism (pluralism/bargaining and contestation) by a continuum of organisations exercising functions of 'no representation' at one end, to 'prosecuting the demands of members without compromise' at the other.¹³⁶ Drawing from Crouch's continuum two insights can be drawn. Firstly, for any pattern of corporatism, the dualist function is the indispensable element of corporatist intermediaries in every particular setting. In a nutshell, the protection function is a fundamental component of the legitimacy of the intermediary, although the actual effectiveness of these functions may vary. Secondly, the weight of the functions undertaken by the intermediary alters along the continuum and is the

¹³² Martin, R. M. (1983), 'Pluralism and the New Corporatism', p. 102, in *Political Studies* (1983), XXXI, pp. 86-102.

¹³³ Schmitter, P. C. (1974), 'Still the Century of Corporatism?', p. 104-5, in *The Review of Politics*, 36: 1, (Jan., 1974), pp. 85-131.

¹³⁴ Cawson (1978) cited by Crouch, C. (1983), 'Pluralism and the New Corporatism: A Rejoinder', p. 453, in *Political Studies*, 31: 3, (Sep., 1983), pp. 452-460.

¹³⁵ Panitch, L. (1979), 'The Development of Corporatism in Liberal Democracies', in Schmitter and Lehmbruch (eds.), *Trends Toward Corporatist Intermediation*, Beverly Hill: Sage.

¹³⁶ Cawson (1978) cited by Crouch, C. (1983), 'Pluralism and the New Corporatism: A Rejoinder', p. 457, in *Political Studies*, 31: 3, (Sep. 1983), pp. 452-460.

determinant factor in assessing the nature of the pattern. This means that the distribution of the weight of the functions serves to distinguish the particular pattern of corporatism from other patterns.

2.23 The Classic Dualist Model

Western theories of trade unions

In the West, the trade union is 'a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their employment'.¹³⁷ The Webbs concluded, in an inductive approach, that Western trade unions, in maintaining and improving their members' interests, rely on two approaches, namely the Device of Common Rule, and the Device of Restriction of Numbers.¹³⁸ The device of the Common Rule of setting the minimum level of the working conditions that is applicable to all its members has been the core principle in contemporary trade unionism.¹³⁹

The Webbs also defined three main methods used by trade unions to attain the regulation of the common rule, the Method of Mutual Insurance, the Method of Collective Bargaining, and the Method of Legal Enactment. In the essay *Trade Unions and Politics*, Flanders elaborated two similar conceptions of the industrial method and the political method, as the two principal methods. The idea of the political method is similar to that in *Industrial Democracy*, both referring to unions' participation in legislation, the formation of political machinery and in some cases working through the Labour Party. The tripartite negotiation involving government participation can also be classified in this category. Union's political action can provide the union with the means of access to decision-making by providing legal assurance of the union's status, especially its industrial role of collective bargaining with management.¹⁴⁰

¹³⁷ Webb, S. and Webb, B. (1894), *the History of Trade Unionism*, p. 1, London: Longmans.

¹³⁸ Webb, S. and Webb, B. (1902), *Industrial Democracy: new edition in two volumes bound in one*, p. 560, London: Longmans.

¹³⁹ Webb, S. and Webb, B. (1902), *Industrial Democracy: new edition in two volumes bound in one*, p. 715-716, London: Longmans.

¹⁴⁰ Flanders, A. (1961), 'Trade unions and politics -an evening talk to the TUC officers', in *Management and Unions: The Theory and Reform of Industrial Relations (1970)*, London: Faber and Faber.

Trade unions in the general sense elaborated above should be separated from the communist unions owing to their different function. In the Leninist 'transmission belt' conception, the trade union is a two-way channel between the state and the masses. This conception explicitly reflects its difference in function from the western counterparts. The comparisons between the Western and the Communist trade unions deserve caution with regard to the fundamental components.

Firstly the western unions exist as the representative of particular interest groups in a society of divergent interests. But in China, the labour relations between the workers and managers at the workplace have been inherited from the socialism of the command economy, 'on the assumption that socialist interest consensus already exists'. This assumption of unitary interests in labour relations was the basis for the introduction of trade unionism in contrast with a pluralist regulatory framework of labour relations from the West. Secondly, when the unions in capitalist countries operate as interface between the managers and workers, the state is a minor actor in this relationship; their communist counterparts, as inferred from their dualist nature, have to mainly deal with the relations between the state and the workers. And this dualist-function was underpinned by the state corporatist approaches. Thirdly, although some functions of the two sorts of trade unions have the same names, they may be the same in name only. The ultimate goal of the western idea of a union differs from the unitarist views in the communist states; whereas the western unions seek to maximise their members' interests by whatever means, the communist unions have to attempt to create a balance between their dualist roles while prioritising the state's interests. As globalisation imposes more pressures on workers and their organisations in the developing states, the state-led trade union in China is certain to be further restrained in its representative function, with the associated negative economic implications.

Bearing this in mind, a comparison between the capitalist and communist unions is of necessity for two main reasons. Firstly, despite the fact that the mobilisation role for the sake of the state in practice outweighs the protector role for the sake of their members, the latter is an integral part of the communist union's dualist functions. It is

of significance in comparing the protection and welfare functions of the communist union and of the capitalist unions. Secondly, bias in the dualist function is commonly intertwined with the external and internal factors of the communist trade unions. Variations in the dualist functioning of unionism are introduced by differences in enterprise, sector, and state. The evident strains of the dualist functions reflect the changes in the macro economic and political environments in which the trade unions operate the functions.¹⁴¹

‘Classic Dualist’ trade unions in China

As the first person who conceptualised the communist trade union as a ‘transmission belt’ between the state and the workers, Lenin saw the need for a union to defend workers’ interests by maintaining the two functions: the mobilisation of labour and the protection of member’s rights. Coming under the Stalin’s dominance, the function of the trade unions had ‘an almost wholly production and labor mobilization orientation’. This new orthodoxy, named as ‘Classic Dualism’, was contextualised in the state socialism of the command economy, ‘on the assumption that socialist interest consensus already exists’. The party-union relationship is one of total organisational domination rather than the party’s political leadership over the union.¹⁴²

The book *Trade Unions in Communist States*, edited by Pravda and Ruble, provides an outstanding contribution to the understanding of communist trade unions. It examines the role of trade unions in eight communist states. The Introduction Chapter conceptualises the Leninist model of trade unionism as classic dualism with analysis of the union’s organisational structure, relations with the party, the management, the workers, and policies as well as of the barriers to performing the dualist function. And it argues that there are political and economic barriers preventing these trade unions making a fundamental departure from this model, given the absence of the ‘general

¹⁴¹ Pravda, Pravda, A. and Ruble, B. A. (1986), ‘Communist Trade Unions: Varieties of Dualism’, p. ix-x,15, in Pravda, A. and Ruble, B. A. (eds.), (1986), *Trade Union in Communist States*, London: Allen & Unwin Press.

¹⁴² Pravda, A. and Ruble, B. A. (1986), ‘Communist Trade Unions: Varieties of Dualism’, p. 2, 4, in Pravda, A. and Ruble, B. A. (eds.), (1986), *Trade Union in Communist States*, London: Allen & Unwin Press.

systemic crises' such as the radical upheaval in Hungary in 1956 and in Poland in 1956 and 1980-1981.¹⁴³

An earlier study by Harper examined the Chinese trade union's three crises - in 1951, in 1957 and in the Cultural Revolution. Harper contended their function as a transmission belt places the union officials in the same dilemma, because when they try to support the workers, the party may seek to halt the union's transmission belt operation between the party and workers, as happened in the three crises.¹⁴⁴ Similarly, Zhang reviewed five severe conflicts between the union and the state, concluding that 'at these crucial points, the trade union is consciously inclined to represent the workers.'¹⁴⁵ In Chan's arguments, the party state granted the ACFTU a certain degree of power after the economic reform to protect workers' rights from being violated by the party-state itself. The trade union can play an important 'revolutionary' role against the state in the state corporatist model.¹⁴⁶ Jiang witnessed the tensions between the union and the party during the process of trade union reforms in the fifteen years since the implementation of the economic reform.¹⁴⁷ Focusing on the economic aspects, he argued that the pressure from the workers and the union's own self-interest is the motivation for the union to confront the authoritarian political structure. But Jiang also admitted the unlikelihood of fundamental reform of the trade union in the near future unless industrial disputes increase or the leadership of the party-state splits.

These researches have probed into the interactions between the trade union and the Party, the strain in the union's dualist functions, the dynamic external environments

¹⁴³ Pravda, A. and Ruble, B. A. (1986), 'Communist Trade Unions: Varieties of Dualism', p. 10, in Pravda, A. and Ruble, B. A. (eds.), (1986), *Trade Union in Communist States*, London: Allen & Unwin Press.

¹⁴⁴ Harper, P. (1968), 'The Party and the Unions in Communist China', p. 119, in *The China Quarterly*, No. 37 (Jan. – Mar. 1969), pp. 84-119.

¹⁴⁵ Zhang, Y. M. (2003), 'Labour Movements in the time of Reform in China', in *Twenty-First Century*, (Apr. 2003) No.76, online, http://www.cuhk.edu.hk/ics/21c/issue/articles/076_0210017.pdf, (Accessed 14/01/22). In Chinese.

¹⁴⁶ Chan, A. (1993), 'Revolution or Corporatism? Workers and Trade Unions in Post-Mao China', in *The Australian Journal of Chinese Affairs*, 29, pp. 31-61.

¹⁴⁷ Jiang, K. W. (1996), 'The Conflict between Trade Unions and the Party-State –the Reform of Chinese Trade Unions in the Eighties', in *Hong Kong Journal of Social Sciences*, No. 8, Autumn 1996, pp. 121-158. In Chinese.

and the union's potential to confront the party. Other scholars stressed the constrained factors of the party's supreme authority in the 'Classic Dualist' model. They drew particular attention to the union's structural constraints.

Clarke analysed contradictions of dualist functioning unions in the post-socialist transition. He argued that trade unions in both Russia and China had retained their traditional dualist functions in the transformed industrial relations, owing to the 'severe structural constraints to which they are subject'.¹⁴⁸ He outlined the key principles of trade unionism in a socialist market economy. The trade unions are still supposed to represent the interests of the enterprise as a whole, under the assumption of 'non-adversarial industrial relations'. The emerging pluralist interests in these societies place the unions in a dilemma. To secure their status and role, the unions have to be effective in representing the members, but if they do this, they will risk undermining their underlying legitimacy from the administration.

Some scholars have a sceptical attitude towards the adaptation of Classic Dualism to the Chinese trade unions. They contend the constraints are decisively influential on the trade union's autonomy, rendering its passivity of acting as a government instrument. Interestingly, such an argument is advocated by a number of union academics and officials.¹⁴⁹

'Is the ACFTU a Union' is the title of the article by Taylor and Li, in which the answer is the ACFTU does not have the essence of a trade union. From three tests of unionism, standardised by Western norms, they argue that, firstly its constitutional role is defined as both to protect workers and to protect the national interest. But when the national interest involves the development of capitalism and the promotion of employer interests, the Chinese trade union normally does not hesitate to give up its worker protection role. Secondly, the trade union can hardly be seen as a

¹⁴⁸ Clarke, S. (2005), 'Post-socialist trade unions: China and Russia', p. 4, in *Industrial Relations Journal*, 36(1), pp. 2-18.

¹⁴⁹ Chen, B. Q. (1996), *Reform and Construction of the Chinese Trade Unions (1984-1993)*, Beijing: Chinese Workers Press; Chen, J. (1999), *The Trade Unions in Reforms and the Reforms of the Trade Unions*, Beijing: Chinese Workers Press; Wen, X. Y. (2012), *Corporatism without Workers Participation – Analysis on Trade Union Operation in Transition*, PhD Thesis, Renmin University. All in Chinese.

representative of workers because there is no effective electoral system for union office holders. Thirdly, workers lack independence in unionisation, because the fact that the Chinese trade union is the only legal union that is permitted, denies any legitimacy in claiming independence. Unions are organised as part of the state structure, while their judicial, executive and administrative functions are monopolized by the party.¹⁵⁰ In similar tones, Xu and Wu disapproved of the use of Classic Dualism in that the Chinese union was not a workers' organisation in essence. The leverage of the union confronting the state in union-party crises does not arise from associational power stemming from workers.¹⁵¹

You reviewed the reform programmes of the trade union since its establishment. He argued that the union had no intention either to touch its fundamental relations with the Party, or to face its internal democratisation. Instead it would attempt to reinforce its organisational capability in dealing with complex labour relations. The West mistakenly viewed an emphasis on the union's representative function, that stems from the Party's initiations and demands, as the trade union's own. This exaggerated the different interests between the trade union and the Party.¹⁵² Scholars found that the recent union reforms are characterised by 'high politisation', 'more activity out of the enterprise' and 'socialisation'.¹⁵³

Chen articulated that the union has been embedded into the layers of government, while its bureaucracy's power and its operation are critically reliant upon their formal government status. The union's protection functions are consequently constrained because 'their governmental status prevents them from operating through the

¹⁵⁰ Taylor, B. and Li, Q. (2007), 'Is the ACFTU a Union and Does it Matter?', in *Journal of Industrial Relations*, 49(5), pp. 701-715.

¹⁵¹ Xu, X. J. and Wu, Q. J. (2011), 'An Academic Differentiation and Analysis on the Chinese Trade Union's Nature Characteristics and Core Function – an perspective based on the trade union's social activities in the state institutional framework' in *The Journal of Humanity*, 2011(5) pp. 165-172. In Chinese.

¹⁵² You, Z. L. (2010), 'Three Major Reforms of Chinese Trade Union from 1960s', in *Sociological Studies*, 2010(4), pp. 76-105. In Chinese.

¹⁵³ Xu, X. J. and Wu, Q. J. (2011), 'An Academic Differentiation and Analysis on the Chinese Trade Union's Nature Characteristics and Core Function – an perspective based on the trade union's social activities in the state institutional framework', in *The Journal of Humanity*, 2011(5) pp. 165-172; China Labour Bulletin (2009), *Protecting Workers' Rights or Serving the Party: The way forward for China's trade unions*, p.18 http://www.clb.org.hk/en/files/share/File/research_reports/acftu_report.pdf (assessed 14/08/18). Both in Chinese.

mobilising of grassroots or exerting their influence by empowering their grassroots branches.’¹⁵⁴ In the further study that analyses different patterns of the union’s role, Chen points out that the main explanation for it manifesting diversity is the incompatibility between its ‘double institutional identities’. He sets apart the mediating role played by the union in collective action from two other roles, a mitigating role – the union’s representation in legal contention - and a more intrusive role – the union’s pre-empting of independent organising.¹⁵⁵

Three indications of Chinese union’s distinctiveness can be drawn from the academic literature. Firstly, relations between the union and the party-state are of prime importance in analysing different aspects of the trade union. Secondly, the trade unions are ideologically and institutionally intricately intertwined with state-government bureaucracies. Thirdly, the transformation of industrial relations will contribute to fundamental changes of Chinese unions. Scholars study the ‘Classic Dualist’ trade union in China from different perspectives and approaches. Disagreements reveal different perspectives and emphases on contemporary Chinese trade unions. Most Chinese scholars stressed the factual evidence of the conspicuous influence of the party-state over the trade union, while most western colleagues, though acknowledging the party’s supreme authority, emphasise particularly the union’s potential to confront the party.

2.3 Trade Union in Strikes in China

In the British literature, unauthorised strikes are made up of unofficial strikes and unconstitutional strikes.¹⁵⁶ Usually ‘wildcat strikes’ refers to unofficial strikes, but empirical studies suggest in reality ‘almost all unconstitutional strikes are unofficial’,¹⁵⁷ as unions are unlikely to sanction a strike in breach of the agreed

¹⁵⁴ Chen, F. (2009), (2009), ‘Union Power in China: Source, Operation, and Constraints’, p. 662, in *Modern China*, 35(6), pp. 662-689.

¹⁵⁵ Chen, F. (2010), ‘Trade Unions and the Quadripartite Interactions in Strike Settlement in China’, p. 120, in *The China Quarterly*, (Mar. 2010), vol. 201, pp. 104-124.

¹⁵⁶ Brown, W. (2013), ‘The Ending of Unauthorized Strikes in the West: Some Policy Implications for China’, in *International Journal of Comparative Labour Law and Industrial Relations*, 29(2), pp. 185-198.

¹⁵⁷ Clegg, H. A. (1970), *The System of Industrial Relations in Great Britain*, p. 317, Oxford: Blackwell.

procedure where they themselves are an agent.¹⁵⁸ Hence, unconstitutional strikes can also be described as ‘wildcat strikes’ under most circumstances. Gouldner, the US industrial sociologist, further differentiated these wildcat strikes into ‘genuine wildcat’ and ‘pseudo-wildcat’. In the case where the formerly dominant union officials had lost power relative to unofficial union organisers, it was ‘the genuine wildcat’. In the case where unions used covert influence in sanctioning and leading the strike, he described it as ‘the pseudo-wildcat’.¹⁵⁹ Strikes in opposition to the official union, for example against some policies accepted by official leaders, are not typical of unauthorised strikes in general.¹⁶⁰ There was usually official backing from formal trade unions for unofficial actions, either during the strike or afterwards.¹⁶¹

As a post-socialist organisation, the Chinese trade union is required to give priority to maintaining industrial peace. The comparisons of post-socialist trade unions found the lesser extent of the Chinese union’s involvement in spontaneous organised labour. The reasons included adverse political and legal factors in China,¹⁶² as well as the difference in organisational, material and symbolic resources in a broader historical and institutional context.¹⁶³

In practice, the organisers typically bypass the trade unions.¹⁶⁴ The Chinese trade union is not granted the right to strike.¹⁶⁵ Its role in the strike is prescribed as a mediator. The underlying motivation for the union to act in a strike is to defuse the

¹⁵⁸ Crouch, C. (1982), *Trade Unions: The Logic of Collective Action*, p. 184-185, Glasgow: A Fontana Original.

¹⁵⁹ Gouldner, A. W. (1955), *Wildcat Strike: a study of an unofficial strike*, p. 95, London: Routledge & Kegan Paul.

¹⁶⁰ Hyman, R. (1972), *Strikes*, p. 40-41, London: Collins.

¹⁶¹ Gouldner, A. W. (1955), *Wildcat Strike: a study of an unofficial strike*, p. 95, London: Routledge & Kegan Paul; Crouch, C. (1982), *Trade Unions: The Logic of Collective Action*, p. 187, Glasgow: A Fontana Original, original italics; Hyman, R. (1972), *Strikes*, p. 40-41, London: Collins.

¹⁶² Chan, A. (2011), ‘Strikes in China’s Export Industries in Comparative Perspective’, p. 34, in *China Journal*, (Jan. 2011)(65), pp. 27-51.

¹⁶³ Chen, C. and Sil, R. (2006), ‘Communist Legacies, Postcommunist Transformations, and the Fate of organized labour in Russia and China’, in *Studies in Comparative International Development*, summer 2006, 41(2), pp. 62-87.

¹⁶⁴ Ishii, T. (2010), ‘Chapter one, trade unions and corporatism under the socialist market economy in China’, in Hishida, M., Kazuko, K., Ishii, T., and Qiao, J. (eds.), *China’s Trade Unions – How Autonomous Are They?: A Survey of 1811 Enterprise Union Chairpersons*, London: Routledge.

¹⁶⁵ Shi, T. J. (1999), ‘Analysis on Labour Dispute Situation in China and Discussion on Strike Legislation Issue’, in *Chinese Journal of Law*, 1999(6), pp. 47-56. In Chinese.

conflict.¹⁶⁶ Some research suggests that the aim of mediating is to ‘channel unrest into constitutional, judicial and/or bureaucratic forms of dispute resolution’.¹⁶⁷ In other cases, the enterprise union ‘tipped management off about the strike and encouraged workers to resume production.’¹⁶⁸ On occasion, they ‘co-operate with enterprises, fire the leaders, make “black lists”, and prevent the leaders from getting new jobs’.¹⁶⁹ Most cases have been characterized by the no visible role for the union at all.¹⁷⁰

The discussions on the union’s specific role in strikes has not been the subject of substantial debates, yet they frequently emerged as a by-product of the increasing academic attention to the labour disputes, as some scholars argued that the trade unions are doomed to come under pressure from the rank-and-file when someday the current arrangement is not adequate to resolve worker’s grievance anymore.¹⁷¹ Studies witnessed the increasing ‘need for a “collective” instrument’ in labour disputes¹⁷², in some regions, prompted a sharper response by the trade union in strikes. Pringle provides two cases in 2007 and in 2010, in both of which strikers demanded wages and improved working conditions higher than the statutory provisions. He found that, in both cases, unions presented a ‘more rigorous response’ to workers’ demands. In one case, the union’s action, as a mediator in the strike resolution, became particularly

¹⁶⁶ Chen, F. (2003), (2003), ‘Between the State and Labour: The Conflict of Chinese Trade Unions’ Double Identity in Market Reform’, p. 1019, in *The China Quarterly*, (Dec. 2003)(176), pp. 1006-1028.

¹⁶⁷ Pringle, T. (2011), *Trade Unions in China: The challenge of labour unrest*, p. 110, London: Routledge; Baek, S. W. (2008), ‘The changing trade unions in China’, p. 60, in *Journal of Contemporary Asia*, 30(1), pp. 44-66.

¹⁶⁸ Elfstrom, M. and Kuruvilla, S. (2012), ‘The Changing Nature of Labor Unrest in China’, p. 29, paper for the International Labor and Employment Relations Conference, Philadelphia, 2nd-5th July 2012.

¹⁶⁹ AMRC 1995, cited by Baek, S. W. (2008), ‘The changing trade unions in China’, p. 64, in *Journal of Contemporary Asia*, 30(1), pp. 44-66.

¹⁷⁰ Elfstrom, M. and Kuruvilla, S. (2012), ‘The Changing Nature of Labor Unrest in China’, p. 29, paper for the International Labor and Employment Relations Conference, Philadelphia, 2nd-5th July 2012; Baek, S. W. (2000), ‘The Changing Trade Unions in China’, p. 60, in *Journal of Contemporary Asia*, 30(1), pp. 46-66.

¹⁷¹ Chan, A. (1993), ‘Revolution or Corporatism? Workers and Trade Unions in Post-Mao China’, in *The Australian Journal of Chinese Affairs*, (Jan. 1993)(29), pp. 31-61; Clarke, S. (2005), ‘Post-socialist trade unions: China and Russia’, p. 16, in *Industrial Relations Journal*, 36(1), pp. 2-18; Clarke, S. and Pringle, T. (2009), ‘Can Party-led Trade Unions Represent their Members? in *Post-Communist Economies*, 21(1), March 2009, pp. 85-101; Pringle, T. and Clarke, S. (2011), *The Challenge of Transition: Trade Unions in Russia, China and Vietnam*, London: Palgrave Macmillan.

¹⁷² Chan, C. K. C. (2010), ‘Class Struggle in China: Case Studies of Migrant Workers Strikes in the Pearl River Delta’, p. 73-74, in *South African Review of Sociology*, 41(3), pp. 61-80.

positive.¹⁷³ In another dispute, the outcome enhanced procedural dimensions that would strengthen, in the long run, worker voice at the company.¹⁷⁴ Elfstrom and Kuruvilla noted in one case where the trade union supported the workers. And when it felt that it was in a disadvantageous position, it called for external help from the district union. An interesting question concerning the union's role in the strike that was raised by Estlund and Gurgel is how the workplace unions can gain the trust of workers in persuading them to go back to work.¹⁷⁵ But they did not give the answer.

Among the first to probe into case studies, Chen gave an institutional account of the analysis of the settlement of strikes in the 2005 strike wave in the Dalian Development Zone.¹⁷⁶ He argued the government dominated the dispute resolution, with the trade union playing a mediating role. More insightfully, he identified the interactions among the state, the trade union, the workers, and the management at an institutionally and socially 'quadripartite' basis.

More attention has been given to unions' broader reforms in which the changes are more significant. These findings indicate that the details of these reforms are more complicated as well as controversial than would appear on the surface, and scholars hold critical views towards them. Some query how fundamental these changes are.

Meng finds that the unions involved in the disputes, together with the government and the management, intend to absorb workers' spontaneous collective actions into the instituted bargaining institution. This system is a union-promoted while government-controlled institution, which aims to whittle down workers collective awareness.¹⁷⁷

¹⁷³ Pringle, T. (2011), *Trade Unions in China: The challenge of labour unrest*, p. 109 London: Routledge.

¹⁷⁴ Elfstrom, M. and Kuruvilla, S. (2012), 'The Changing Nature of Labor Unrest in China', p. 29, paper for the International Labor and Employment Relations Conference, Philadelphia, 2nd-5th July 2012.

¹⁷⁵ Estlund, C. and Gurgel, S. (2012), 'A New Deal for China's Workers? Labor Law Reform in the Wake of Rising Labor Unrest', *New York University Public Law and Legal Theory Working Papers*, 3. 1. 2012.

¹⁷⁶ Two most relevant works are Chen, F. (2009), 'Union Power in China: Source, Operation, and Constraints', in *Modern China*, 35(6), pp. 662-689; and Chen, F. (2010), 'Trade Unions and the Quadripartite Interactions in Strike Settlement in China', in *The China Quarterly*, (Mar. 2010), vol. 201, pp. 104-124.

¹⁷⁷ Meng, Q. (2012), *From Spontaneous Mobilization in Industrial Action to Passive Participation at Collective Consultation—Shifting Function of Chinese Workers'*

Other scholars investigate collective bargaining where local government and the union is actively promoted after the strike.¹⁷⁸ One of them concludes that these reforms of collective bargaining, though in a more robust form, cannot ‘give workers a stronger mechanism to advance their interests’. Due to a lack of fundamental change to the union, the enterprise unions are unable to promote change, while the success of industry and regional level bargaining continues to depend on the initiative and support of the local authority, with which the local union works closely.¹⁷⁹ In other words, in the new mechanism, the formal union’s legality has been maintained or even enhanced by the authorities, and workers’ collective awareness has thus been constrained or eliminated. A third study concerns union democratic elections in the post-strike phrase. In this case, workers collective action successfully brings about the authority’s promise of democratic union elections in their companies. But the emerging mechanism was, however, manipulated by the authorities. As a result, workers collective power cannot be effectively transformed into the institutional power. According to the author, this is a government strategy which ‘pull(s) back (workers) to the original uneven playing field.’¹⁸⁰

There is a lack of in-depth investigation in most of these studies. This can be partially attributed to the near impossibility of access to the necessary materials, especially primary materials, in China. It calls for an in-depth study of union functions and activities. Given this, a contribution of this thesis is to provide a study from the inside of the union institution, from workplace to national level.

Associational Power and Constraint of Political Space, PhD Thesis, Renmin University. In Chinese.

¹⁷⁸ Biddulph, S. (2012), ‘Responding to Industrial Unrest in China: Prospects for Strengthening the Role of Collective Bargaining’, in *Sydney Law Review*, 34(1), pp. 35-63; Chan, C. K. C. and Hui, E. S. L. (2012), ‘The Dynamics and Dilemma of Workplace Trade Union Reform in China: Case of the Honda Workers’ Strike’, in *Journal of Industrial Relations*, 54(5), pp. 653-668.

¹⁷⁹ Biddulph, S. (2012), ‘Responding to Industrial Unrest in China: Prospects for Strengthening the Role of Collective Bargaining’, p. 62, in *Sydney Law Review*, 34(1), pp. 35-63.

¹⁸⁰ The Anonymous Paper (2012), *Beyond the Union-Centred Approach: A Critical Evaluation of Recent Trade Union Elections in China*.

Chapter Three – The Dualist Functioning of the Union under Marketisation

In the Leninist ‘transmission belt’ conception, the trade union is a two-way channel between the state and the workers. In this conception, the dualist role of the union is to ‘protect the workers from their state, and to get them to protect our state.’¹⁸¹ This doctrine of classic dualism of the trade unionism has ruled Chinese trade unionism. It should be noted that the term ‘Chinese trade unions’ in this thesis refers to the ACFTU and its affiliated branches at all levels, because the ACFTU is the only legally permitted organisation of workers’ representation in China.¹⁸²

3.1 ‘Classic Dualism’ of Chinese Trade Unions

3.11 Pre-1980s

The 1920s, the time of the foundation of the Chinese Communist Party (abbreviated as CCP), witnessed an upsurge of Chinese popular anti-foreign empire sentiment. Adhering to the Marxist class doctrine, the CCP played a crucial role in a range of major labour movement actions. Along with an increasing influence on workers and their organisations, the 1925 Second Labour Congress claimed the CCP’s leadership of the Chinese labour movement.¹⁸³ A national trade union – the All-China Federation of Trade Unions (ACFTU) was founded.¹⁸⁴ During that time, political and revolutionary views against imperialism, against the Japanese invader, and later against the Nationalist Party were embedded in the CCP-led trade union movement. In 1927, the CCP, along with the major organisations of trade unionism, were suppressed by the Nationalist Party presided over by Chiang Kai-shek, and forced into

¹⁸¹ Lenin, V. I. (1920), ‘The trade unions, the present situation’, *Speech delivered at a joint meeting of communist delegates to the Eight Congress of Soviets, Communist Members of the All-Russia Central Council of Trade Unions and Communist Members of the Moscow City Council of Trade Union*, 30th December 1920.

¹⁸² Articles 3 and 4, *Trade Union Law (1950)*.

¹⁸³ Chang, K. (1988), *An Introduction to Trade Union Theory*, Beijing: Economic Management Press. In Chinese.

¹⁸⁴ Lee, L. T. (1986), *Trade Unions in China 1949 to the Present –The organization and Leadership of the All-China Federation of Trade Unions*, Singapore: Singapore University Press.

exile in rural areas. The ensuing years till the end of the revolution of the CCP in 1949 witnessed the preliminary formation of 'Classic Dualism' in union practices.

In urban areas, trade unionism was strictly controlled by the Nationalist Party, and thus had been inactivated. In rural areas, which then became the communist-held base areas, the trade unions mainly worked in public-owned enterprises where activity was aimed at providing and assisting the military effectiveness and service. In these factors, the trade unions were obliged to mobilise and educate workers to increase production and quality, as well as reduce production cost. Those possessing concerns with the workers' welfare were condemned as 'deeply economist' by the leader of the Central Workers' Movement Committee, and were commanded to 'co-operate with the factory heads, boost production of the factors in a bottom-up way.' Under close supervision from the central committee, it was reported that in a year, the 'economist' problem was 'basically overcome'.¹⁸⁵

With the establishment of the new state in 1949, the CCP decided to follow the Soviet model of trade union organisation, and it became a part of the state socialist bloc.¹⁸⁶ In national union meetings prior to October 1949, the principal aim of trade unionism was assigned as to 'increase production to make the economy prosper'.¹⁸⁷ The principal purpose of trade unionism was 'considering both public and private interests and benefiting both labour and capital.' The 1950 trade union legislation stipulated that the union would have a double function of mobilisation of production and the construction of the new state as well as the protection of workers. These principles and laws established the foundation of the Chinese trade union's dualist function.

In the 1950 Trade Union Law, it assigned unions with 1) rights of representing workers in order to sign collective contracts, 2) responsibility for implementing policies which would support and steady the socialist regime and 3) motivate workers in production.¹⁸⁸ It was known as the 'three-in-one function' principle, dependent on

¹⁸⁶ Wilson, J. L. (1986), 'The People's Republic of China', p. 219-220, in Pravda, A. and Ruble, B. A. (eds.), (1986), *Trade Union in Communist States*, London: Allen & Unwin Press.

¹⁸⁷ Lee, L. T. (1986), *Trade Unions in China 1949 to the Present –The organization and Leadership of the All-China Federation of Trade Unions*, Singapore: Singapore University Press.

¹⁸⁸ Article 9, *Trade Union Law (1950)*.

which, the trade union should take production as the central task; and at the same time be responsible for workers' livelihood and education.¹⁸⁹ Non-adversarial labour relations were implemented in a way that social and welfare provision was through the 'work unit (*gongzuo danwei*) system'. In practice, the work of the union was dependent on and supervised by the administration of enterprises and the local government,¹⁹⁰ while its main task was to subordinate the members' aspirations to the building of a radiant future of the economy.¹⁹¹

After the political disturbances from the mid-1960s when the trade union 'did not even exist as an institution' until the late 1970s,¹⁹² the transformation of socialist labour relations into marketised labour relations commenced from the late 1970s. In the following decade, accompanying the more relaxed political atmosphere,¹⁹³ the trade union embarked on its preliminary scheme of democratisation, announced in 'Tentative Plans of Trade Union Reform' in the ACFTU Congress Meeting in 1988. Reforms in this period, though for the most part at the theoretical level, witnessed the union's attempts at getting more autonomy from the Party and democratising its internal relations with its members. The primary aim of this reform was remedying the union's dualist functioning, adjusting the relations with the Party and workers, as well as enhancing the trade union's representative capability, for the needs both of the trade union and the Party.¹⁹⁴

¹⁸⁹ Chang, K. & Zhang, D. (1993), *The General Theory of Trade Unions Law*, Beijing: Central Communist Party College. In Chinese

¹⁹⁰ Lee, L. T. (1986), *Trade Unions in China 1949 to the Present –The organization and Leadership of the All-China Federation of Trade Unions*, p. 42, Singapore: Singapore University Press; Clarke, S. (2005), 'Post-socialist trade unions: China and Russia', in *Industrial Relations Journal* 36(1), pp. 2-18.

¹⁹¹ Clarke, S. (2005), 'Post-socialist trade unions: China and Russia', p. 5, in *Industrial Relations Journal* 36(1), pp. 2-18

¹⁹² Chan, A. (1993), 'Revolution or Corporatism? Workers and Trade Unions in the Post-Mao China', *The Australian Journal of Chinese Affairs*, No. 29 (Jan. 1993), p. 37; Lee, L. T. (1986), *Trade Unions in China 1949 to the Present –The organization and Leadership of the All-China Federation of Trade Unions*, Singapore: Singapore University Press.

¹⁹³ For example, at the 9th National Congress of the ACFTU, the first union congress after the Cultural Revolution, Deng Xiaoping required union to not only 'speak for' workers and 'work in their interests', but also 'be models of democracy'. See Taylor, B., Chang, K. and Li, Q. (2003), *Industrial Relations in China*, p. 111, Edward Elgar: Cheltenham.

¹⁹⁴ See *Modern Trade Union*, 1988(1), This journal was an enlightened academic publication of the ACFTU at the time.

The failure of the 1989 social movement ended the trade union's short-lived reform. The trade union was placed under the Party's stricter control immediately after the incident in June 1989. In the 'Notification of Reinforcing and Improving the Party's leadership of the Trade Union, Communist Youth League, and Women's Federation' (1989) (short for 1989 Notification), promulgated by the central government after the Tiananmen Protests, it requested the union to closely keep pace with the Party, politically, ideologically and practically. In responding, in the ACFTU's 11th Executive Committee Meeting in 1989, the President of the ACFTU stressed that the maintenance of workers' stability was the trade unions' main task. In its 11th Presidency Conference in April 1990, it re-emphasised that its political task was to ensure that 'the foundation of the union's work is closely connecting with the masses', 'the trade union shall closely connect with the masses, be devoted to work for the workers, and optimally organise and unite the workers in the trade union.'¹⁹⁵ After the Tiananmen Incident, the union saw getting closer to central policy-makers as the expansion of its influence, yet at the price of the union's acceptance of the Party's control.¹⁹⁶

3.12 Since the 1990s

The second Trade Union Law and the first Union Constitution, both issued in 1992, stipulated that 'the trade unions represent the overall interests of the people, and at the same time represent the legal rights and interests of employees'.¹⁹⁷ In the law, the trade union had four basic functions, which were protection, participation, constitution, and education. 'Protection' referred to the union safeguarding members' interests; 'participation' referred to the union participating in the management of SOE/COE; 'construction' referred to the union mobilising in production; and 'education' referred to union propagandising political and ideological thinking among workers.

¹⁹⁵ ACFTU, *Opinions of Implementing and Carrying Out the 'Notification'*, (1990-4-12).

¹⁹⁶ Zhang, Y. M. (2003), 'Obedience and Conflict: the Relation between Chinese Trade union and the Party-state', *Twenty-First Century*, (18), <http://www.cuhk.edu.hk/ics/21c>, (2010/05/02). In Chinese.

¹⁹⁷ Article 6, *Trade Union Law* (1992).

In the 2001 revised trade union law, the four functions were replaced by the emphasis on the union's protection role. The law reflected that the state had the intention to adjust the role of trade unions to be more adaptable to the market economy by removing the typical functions of a socialist regime and reinforcing the trade union's protection function. Article 6 stated 'Protecting workers' legal rights and interests is the basic function of the trade union'. But the same article maintains 'Classic Dualism' by further stating 'The trade union protects the overall interest of all people of the nation; while it represents and protects the legal rights and interests of workers.'

3.13 Concluding Remarks

The basic function of the Chinese trade union has been developed within the rigid one-party regulatory framework since its establishment. The history of trade unionism up to the reforming period witnessed the distinctive trajectory of formation of Classic Dualism. In the War, because the development of the union had been contingent on the political struggles either between the two Chinese parties, or against the warlords and Japanese, the unions had little chance to nurture their capacity in economic fights. Their function of production, cultivated in the rural revolutionary based areas during the war-time, was inherited in the planned economy period. During the socialist time, the trade unions further developed their capability and experience of mobilising production, distributing welfare, and organising well-being, while their ability in the economic struggle again encountered developmental disorder. The screeching halt of the comparatively radical 1980s political atmosphere left the trade union two influential aftermaths: the stagnancy of structural democratisation, and the maintenance of the union's dualist functions. The structural re-arrangements were designed in a way to constrain the union's affiliation to the Party, which created a regulatory framework which was handier for the state to use to reform and enact regulations on the trade union. In the increasing economic liberalisation, the trade union's status was increased within the established restricted regulatory frameworks. As reflected by the revised trade union laws, which set forth the development of the trade union in marketization, this involved remaining in a dualist functioning framework but in a manner that was more favourable to the workers.

3.2 The Organisational Structure

3.21 Overall Arrangements

The 'Classic Dualism' of the trade union is supposed to be achieved by the structural constraints to which the trade unions are subject. The production principle and the principle of democratic centralism are two fundamental tenets. The production principle refers to the absence of discrimination between people in production, no matter they are workers or the managers, that all shall be organised into the union. Democratic centralisation is the union's organisational dogma, consistent with 'democratic discussion in the formulation of policies... (and) central control and discipline in execution'.¹⁹⁸

The Chinese trade unions abide by the combined organisational leaderships of territorial union and industrial unions. The national organisation, the ACFTU, formally leads both the territorial trade unions and the industrial trade unions. The industrial trade unions adopted a representative/delegatory model whereby the delegations from lower industrial unions should be recommended to upper union officials. At present, ten industrial trade unions exist at the national level. The rest come under the direct authority of the local union, but in practice the upper industrial unions play a minor role.¹⁹⁹ The industrial unions were required to be set up by local (regional) union.²⁰⁰ The reality became the largely underdeveloped status of the industrial unions. For example, in Shanxi Province, where coal mining is its major industry, of its nine industrial unions, there is no such thing as a coal mining industrial union. Consequently, although the local union officials are subject to the intertwined hierarchies of industrial union and superior regional union, the industrial union's role has been invisible.

The territorial union, also known as the *difang* (local or regional) trade union, is the main form of Chinese union organisation, which adopts a vertically downward

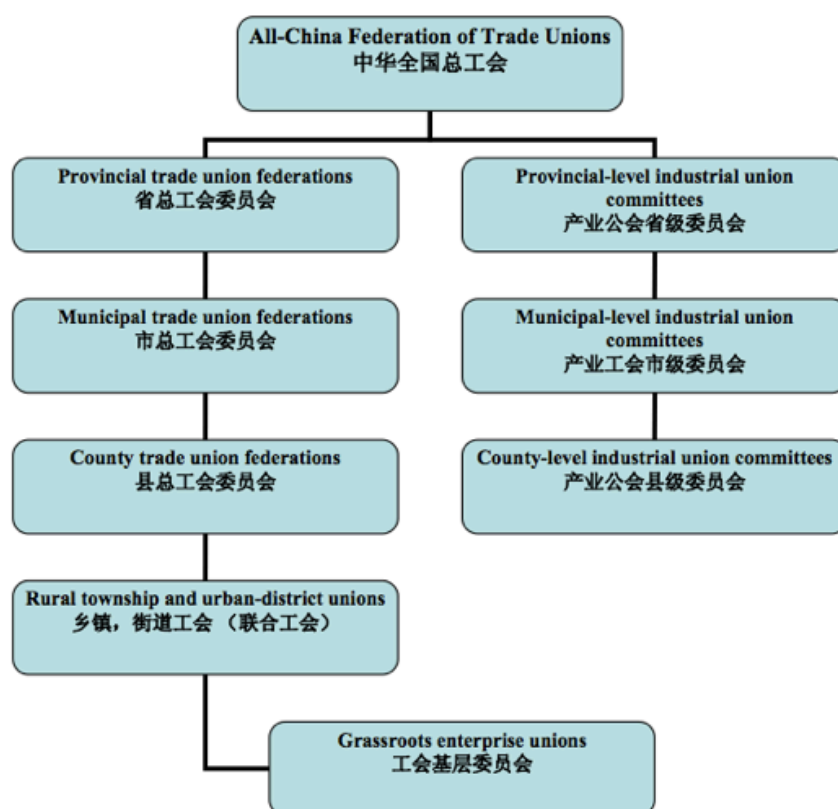
¹⁹⁸ Pravda, A. and Ruble, B. A. (1986), 'Communist Trade Unions: Varieties of Dualism', p. 4, in Pravda, A. and Ruble, B. A. (eds.), *Trade Union in Communist States*, London: Allen & Unwin Press.

¹⁹⁹ Baek, S. W. (2000), 'The Changing Trade Unions in China', in *Journal of Contemporary Asia*, 30(1), pp. 46-66.

²⁰⁰ Article 10, *Trade Union Law* (2001).

arrangement of ‘centralism’.²⁰¹ The territorial unions are regionally based, ranging from province or city, to county/district, then to township or street federation union (see Figure 5). Directives and communications flow vertically downward between upper and lower territorial trade unions. The lower union is requested to ‘obey, consult and report’, while the upper union is requested to ‘oversee, listen, research and resolve the problem’.²⁰² The territorial unions are normally established by upper unions and Party organisations at the same level. In terms of the union establishment, it adopts a superior’s approval system, which is inherited from the 1950s. At that time, as a formal part of the state apparatus, the trade union was only required to be registered with the superior authority, while it need not get government approval.²⁰³ This regulates the monolithic nature (*yi yuan hua*) of the Chinese trade unions.

Figure 5 Organisational Configuration of the ACFTU and its Affiliations



²⁰¹ Article 9, *Trade Union Law* (2001).

²⁰² *Constitution of Trade Union of China* (2008).

²⁰³ Chang, K. and Zhang, D. R. (1993), *The General Theory of Trade Unions Law*, p. 191-192, Beijing: Central Communist Party College. In Chinese.

3.22 Arrangements at National and Regional Levels

The Party-state's leadership over the trade union after 1989 was reasserted by the ideological constraints, and also by the structural re-arrangement of unions' increasingly tightened subordination to the Party. The 1989 Notification on the Party's leadership of major mass organisations required that the trade unions at all levels should follow, firstly the leadership of the party committee at the same level, and then the higher organisation. In practice, the party committee exercises authority over the management and the treatment of trade union officials. In addition, the key union positions have increasingly come directly within the Party by the concurrent appointment of the high profile union officials. The 1989 Notification also enhanced the union's political status by providing that trade union officials should be allocated higher party status than the status of their corresponding colleagues in government or management bodies. In 2009, among the 9972 union presidents and vice presidents, 11% were members of the corresponding Party's Standing Committee, 18% of the People's Congress, 10% of the Political Consultation Standing Committee, 9% were vice chairman of People's Congress.²⁰⁴ The union structural arrangement, in terms of highly centralised power within the union bureaucracy and subordination to the Communist Party at all levels, serves to ensure that union decisions comply with party policy.²⁰⁵ The union's substantial political status thus enables it to exert leverage over government officials at appropriate levels. But being structured bureaucratically, the lower the union organ is located, the less political status it acquires, and the more reliant that they are on complying with government.

At levels above individual enterprises the trade unions are endowed with rights to participate in government policy-making. The lack of sanction authority renders the trade union naturally dependent on the government. The law prescribed that the union co-operate with the government in policy making and implementation,²⁰⁶ while the

²⁰⁴ Xu, X. J. and Wu, Q. J. (2011), 'An Academic Analysis on the Chinese Trade Unions' Characteristics of Nature and Core Function', in *Journal of Humanities*, 2011(5), pp. 165-172. In Chinese.

²⁰⁵ Pravda, A. and Ruble, B. A. (1986), 'Communist Trade Unions: Varieties of Dualism', p. 4, in Pravda, A. and Ruble, B. A. (eds.), *Trade Union in Communist States*, London: Allen & Unwin Press.

²⁰⁶ Article 49 and 50, *Trade Union Law* (2001).

government ‘shall listen to the union’s opinions in legislating provisions concerning workers’ interests.’²⁰⁷ Although, in principle, the socialist unions are not tied to the government, their mutual relations are normally intimate for two main reasons. Firstly the trade unions are left with little leverage to exert sanctions on unruly behaviour or obstacles. The trade union law formulates they shall appeal to the government or the court for help.²⁰⁸ Secondly, given the closeness between the Party and the government, the unions’ incorporation into the Party ‘ensures that all government measures have a party imprimatur that makes them binding upon the unions.’²⁰⁹

3.23 Arrangement at Workplace Level

In ‘Democratic Centralisation’, the democratisation notionally exists in relations between the union committee and its members at the grass-roots level. According to the law, in the union’s internal governance, the union committee has accountability to the union member congress constituted by the elected member delegates: firstly, the members sitting in the committee shall be elected by the workers or union member congress; secondly the committee shall report to and is monitored by the congress; thirdly the committee shall ‘democratically discuss the formulation of policies’ over major issues with the delegates.²¹⁰ It is worth noting that the 2001 Trade Union Constitution had initially endowed the members or congress members with the right to withdraw or retract the workers’ representative or the committee members.²¹¹

But these democratic principles are not grounded in reality. The grassroots unions at the workplace level are largely integrated into the managerial hierarchy. In SOEs inherited from socialist labour relations, the trade union is subject to the party organisation, while the latter is a part of the managerial bureaucracy. And the compensation and benefits (*daiyu*) of full-time union officials are designed to be equal to those of the vice chairman of the party-administration.²¹² In the private sector, the trade unions possess more autonomy from the management. But this was

²⁰⁷ Article 33, *Trade Union Law (2001)*.

²⁰⁸ Articles 49 and 50, *Trade Union Law (2001)*.

²⁰⁹ Pravda, A. and Ruble, B. A. (eds.), (1986), *Trade Union in Communist States*, p. 4, London: Allen & Unwin Press.

²¹⁰ Article 9, *Trade Union Constitution (2008)*.

²¹¹ Item 4, Article 9, *Trade Union Constitution (2008)*.

²¹² *Regulation on the Work of Enterprise Trade Unions (2006)*.

undermined by a number of factors. Firstly the union's subjection to management can be largely attributed to the statutory requirements that the enterprise should pay for the main income of the trade union, amounting to 2% of the total wage bill. Secondly, the full-time trade union officials, including their salary, bonus and subsidy are paid by the company,²¹³ while the part-time union officials' personal relations with enterprises is another hindrance to their acting independently on behalf of workers. Moreover, the restrictions on the resources and methods render the grass-roots trade unions lacking sanctions to effectively carry out their functions. As a result they have to rely on the management to perform them.²¹⁴ Additionally, in the most recent decade, the ineffective campaigns for the establishment of grass-roots organisation have resulted in numerous trade union organisations which are established and controlled by management.

3.24 Concluding Remarks

The structural framework decides the legitimacy and sources of leverage of the trade union, thereby maintaining the dualist functions of the trade unions. At levels above individual enterprises, regional trade union organisations are incorporated into the state apparatus, and heavily rely on the party's administrative arm of the government. At the workplace level, the democratic tenet implies that unions in enterprises theoretically possess something approaching autonomy. Trade unions are supposed to be elected and approved by their constituents, demonstrating the creed of democracy of the trade union. Since the middle 1990s, electoral practices at workplaces resurfaced in the FIEs in some regions such as Guangdong, Zhejiang. But this is hampered by a number of facts, including union submission to the party organisations, the munificent compensation and benefits granted to the union officials, and the officials' personal affiliation to the party.²¹⁵

²¹³ Article 41, *Trade Union Law (2001)*. And ACFTU, *Measures for the Election of the Trade Union Chairman of an Enterprise (for Trial Implementation) (2008)*.

²¹⁴ Pravda, A. and Ruble, B. A. (1986), 'Communist Trade Unions: Varieties of Dualism', p. 4-5, in Pravda, A. and Ruble, B. A. (eds.), *Trade Union in Communist States*, London: Allen & Unwin Press.

²¹⁵ Howell, J. (2008), 'All-China Federation of Trade Unions beyond Reform? The Slow March of Direct Elections', in *The China Quarterly*, (Dec. 2008)(196), pp. 845-863.

3.3 Evolving Union Functions

3.31 An Overview

Accompanying the reduction in the authority of the Party in SOEs in the socialist market economy, the trade union's formal status within enterprises by relying on the Party organization has been substantially weakened. At the same time, private enterprises and foreign investment enterprises were permitted and encouraged, expanding the spheres where union organisations were previously absent. These changes mean the trade union has to rebuild its organisational base in the new economic and social environment. This development has been largely confined within the 'Classic Dualist' framework.

Issued in 1994, the *Labour Law* implemented in 1995 introduced the labour contract system. It substantially transformed the administrative-command system into one of market relations. The collective contract system was drawn up by the 'Labour Law' and the 'Provisions on Collective Contract' issued by the National Ministry of Labour. In the ACFTU's 12th Executive Committee Meeting in 1994, the national trade union issued 'the Decision on Implementing the "Labour Law"'. An 'Overall Union Road' (gonghui gongzuo zongti silu) was declared in the meeting. The 'Overall Union Road' stated that the establishment of workplace union organisation, especially in the private sectors including FIEs and domestic private enterprises, was the foundation for putting the collective contract system into practice.²¹⁶ At the same time, the ACFTU had also proposed drafts of revised trade union law to the national legislative agencies. These proposals reflected the inadequacy of the 1992 trade union law with regard to the establishment of trade unions in private sectors, and also in collecting union funds and protecting union property, in the protection of union officials, and in the lack of legal liability rules.²¹⁷ The revised trade union law released in 2001 gave substantial attention to primary union organisation; which enhanced the primary trade union's

²¹⁶ China Labour Bulletin, (2007), *The collective contract system is the necessary choice for adjusting the labour relations*, p. 11, online, [http://www.clb.org.hk/schi/sites/default/files/File/No.10%20report%20on%20CC\(S\).pdf](http://www.clb.org.hk/schi/sites/default/files/File/No.10%20report%20on%20CC(S).pdf) (accessed 14/08/13). In Chinese.

²¹⁷ You, Z. L. (2010), 'Three Major Reforms of Chinese Trade Union from 1960s', in *Sociological Studies*, 2010(4), pp. 76-105. In Chinese.

authority in dealing with the autonomy of enterprise management and underlined the union's protection function.²¹⁸

In 2002, the new leadership of the national trade union took on conservative trade unionism, which had significant influence upon union development for a decade. It brought about the idea of strengthening the primary union establishment, having the primary union organisations playing their role, taking care of workers' production and life, protecting workers' direct interests; summarised as 'organising and truly protecting' (*zuzhi qilai, qieshi weiquan*). In the ACFTU's 3rd Plenary 14th Executive Committee Meeting in 2005, the focus on the primary organisation was de-emphasised, and replaced by the politicised catch-phrase of 'developing harmonious labour relations'. The 'Resolution of Taking the Development Road of Socialist Trade Union with Chinese Characteristics' (short for 'New Union Road') announced in 2006 echoed the messages from the CCP's decision at the time in delineating the social governance framework.²¹⁹ The framework was 'Party-led, government accountable, with the social actors co-operative, and mass participated'.²²⁰ In the 'New Union Road', the trade union's 'concept of rights protection' (*weiquan guan*) was stressed as 'non-adversarial employment relations'.²²¹ The Party's leadership was reinforced. Independent trade unions were strictly prohibited. The basic principle for the work of the workplace trade union was 'promoting the enterprise development and protecting workers' rights and interests'.²²² New schemes and approaches were pronounced in accordance with the 'socialised approach', in which the collective contract system was replaced by various protection mechanisms. The protection of

²¹⁸ Chang, C. (2014), 'Chapter 4, Legal Regulation of Trade Union in China', in Chang K. (eds.) *Legal Regulation of Collective Labour Relations in China*, forthcoming. In Chinese.

²¹⁹ Here, the term 'socialist' indicates the forces from the society, which for the most part refers to a number of government bodies. See China Labour Bulletin (2008), *Who Protects? For whom protect? – The politisation of the ACFTU's protection function and the future of China's trade union movements*, online, [http://www.clb.org.hk/schi/files/No.14%20ACFTU\(PS\).pdf](http://www.clb.org.hk/schi/files/No.14%20ACFTU(PS).pdf) (accessed 14/08/13). In Chinese.

²²⁰ ACFTU, *Resolution on Taking the Development Road of Socialist Trade Union with Chinese Characteristics*, 30th July 2005, English version online, <http://english.acftu.org/template/10002/file.jsp?cid=66&aid=157> (accessed 14/08/20). Also see Zhang, C. W. (2007), 'Insisting the rights protection arrangement of Party led and union operated', in *Chinese Workers' Movement 2007* (1). In Chinese.

²²¹ ACFTU, (2005), *Resolution on Taking the Development Road of Socialist Trade Union with Chinese Characteristics*, 30th July 2005, English version online, <http://english.acftu.org/template/10002/file.jsp?cid=66&aid=157> (accessed 14/10/24).

²²² Article 4, *Regulation on the Work of Enterprise Trade Unions* (2006).

union rights was constituted of six basic activities: broad participation in government and legislative affairs; initiatives for co-ordinating grassroots labour relations; workers' democratic management; oversight of labour law compliance; early warning systems and measures to deal with labour disputes; and mechanisms to aid workers in difficulty.

The 'socialised approach' was adopted to perform these functions. Statistical evidence shows the tendency of union practice for adopting a co-operative attitude and strategy with the government and the party. By monitoring the ACFTU's major journal and its policies, two Chinese scholars separately and independently concluded that, since the new leader group of the ACFTU came into power in 2004, 'protecting workers' interests with (assistance from) the social forces' (*shehuihua weiquan*) has become the union's focus.²²³ This socialisation refers to approaches 'led by the Party, supported by and co-operating with the government and other actors'.

In practice, these were typically supported or initiated by the local Party-governments for the purpose of social stability, growth of the economy, improvement of the investment environment, as well as in resolving problems such as labour shortage.²²⁴ Led by city federations of trade unions, programmes were carried out alongside the regional experiments or with particular occupations, in the form of legal aid, labour inspection, and severance payments.²²⁵ This approach, regarded as the 'top-down method', spread to aspects of the union's basic functions of the establishment of union organisation at workplaces, and the implementation of the collective contract system as the two crucial and inter-related functions in trade unionism.

²²³ Wen, X. Y. (2012), *Corporatism without Workers Participation – Analysis on Trade Union Operation in Transition*, PhD Thesis, Renmin University; You, Z. L. (2010), 'Three Major Reforms of Chinese Trade Union from 1960s', in *Sociological Studies*, 2010(4), pp. 76-105.

²²⁴ Wu, J. P. (2011), 'From Enterprise Participative Management to Participating Regional Governance: Organisational and Institutional Reform of Chinese Trade Union', in *Xuehai*, (2011)(1), online, <http://www.sociology2010.cass.cn/upload/2011/07/d20110707134915515.pdf> (accessed 14/08/20). In Chinese.

²²⁵ Workers' Daily, February 2006, online, <http://theory.people.com.cn/GB/49150/49153/4085122.html>, (accessed 14/08/20). In Chinese.

3.32 Establishment of Union Organisation at Workplaces

Under state socialism, trade union membership was almost universal in urban SOEs and COEs.²²⁶ Entering into the reforms, the establishment of the workplace union organisation was experimented with in private sectors, including the FIEs and the domestic private enterprises, in the 1980s and 1990s. But the effect was limited, because the recognition of trade unions in the private sector encountered severe challenges from enterprises as well as local governments, wary of the potential disruption to the economic expansion that might be brought about by the union. By 1992, the FIEs with established union organisations numbered 4274; 92.2% of these were joint venture enterprises in which the union was transplanted from the Chinese invested companies to the new companies.²²⁷

The conference in Ningbo in 1999 confirmed the ACFTU's ability to use government authority and resources in order to advance its functions. It laid out the principle of the 'Party Committee leading unionisation'. By this approach, top organisations of the union, party and government bodies were to assign the targets. Corresponding organisations at lower levels should sign up to their responsibilities in fulfilling these targets.

In this 'top-down' approach of implementing union policies, the township/street unions take the major responsibility in establishing the grass-roots organisations. The township/street unions at the lowest level of a union bureaucracy serve as the interface between the higher level and the workplace level. By 2000, the state-owned sectors were the foci of union membership, while the organising rate of the trade union in private sectors was very low.²²⁸ From 2000, the ACFTU started off unionisation at the township/street level. These low-level trade union organisations severely lacked authority and resources, and were reliant on their government

²²⁶ Clarke, S. (2005), 'Post-socialist trade unions: China and Russia', p. 5, in *Industrial Relations Journal*, 36, 2-18.

²²⁷ Jiang, K. W. (1996), 'The Conflicts between Trade Unions and the Party-State: the reform of Chinese trade unions in the eighties', in *Hong Kong Journal of Social Sciences*, (Autumn 1996)(8). In Chinese.

²²⁸ Baek, S. W. (2000), 'The Changing Trade Unions in China', in *Journal of Contemporary Asia*, 30(1), pp. 46-66.

status.²²⁹ They normally work with the town government bodies under one roof, and the presidents are government officials who hold the concurrent post in the union. Their closeness with the government provides the advantage to use the governmental administrative resources to boost the union's leverage; thereby achieving an increased number of both union organisations and membership.

There is evidence of workers' attempts to organise a trade union. A recent well-known one is the case of Sumida workers' struggle for a union organisation in 2013.²³⁰ The impasse between the workers and the management was mediated by the superior trade union. At the end, workers accepted the superior trade unions' suggestions, and allowed the company to be in charge of the union organising process. The majority of worker activists now are excluded from the established union committee. The other one is the Olewolff trade union²³¹, which was established with approval and support directly from the ACFTU in 2006, and then aroused the local union organisation's positive intervention. The ensuing accounts reported the newly established union assisted the workers in a host of labour cases, while at the same time, the company made things difficult for the trade union committee members, and several of them resigned.²³² In both cases, workers were motivated by severe labour disputes to establish a trade union. In addition, the union organising campaign in Wal-mart in 2006²³³ demonstrated the official union's efforts to establish trade unions without the involvement of the company. One of the young union presidents was forced to resign, and the company gradually dominated the remaining union organisations. These cases of workers' taking the lead have been met by an unenthusiastic and unsupportive, if not hostile, attitude of trade union authorities towards the union organisation initiated by workers themselves.

²²⁹ China Labour Bulletin (2008) *Who Protects? For whom protect? – The politicisation of the ACFTU's protection function and the future of China's trade union movements*. [http://www.clb.org.hk/schi/files/No.14%20ACFTU\(PS\).pdf](http://www.clb.org.hk/schi/files/No.14%20ACFTU(PS).pdf) (accessed 2014/08/04). In Chinese.

²³⁰ Sumida Company is a Japanese company in Panyu District, Guangzhou City, Guangdong Province.

²³¹ Olewolff is a Danish company union in Yantai City, Shandong Province.

²³² See the 'Chronology of Ole Wolff (Yantai) Trade Union's Struggle'. An English version online, <http://www.globalmon.org.hk/en/wp-content/uploads/2009/01/chronology-of-ole-wolff-ya.pdf>, (assessed 14/09/04).

²³³ It was at the time when the ACFTU launched its nationwide campaign of unionisation in the world's largest 500 enterprises in 2006, in which the Wal-mart's branches were one of the main targets to establish the workplace trade unions.

The ‘statistical achievements’ in the coverage of both union establishment and collective agreement were significant. By the end of 2009, the total figure of collective contracts at both workplace and higher levels was 1.1 million, of which one fifth were sectoral/occupational agreements. These sectoral/occupational agreements involved 50 million members, accounting for more than one third of the 150 million members that were covered by the collective agreements.²³⁴ Between 2002 and 2007, since the new leadership of ACFTU came into power, the number of union organisations increased from 1 million to 1.5 million; and the membership went up from 13 million to 193 million. By late 2010, the membership and the collective contract amounted 239 million and 1.4 million respectively.²³⁵

These trade unions were basically ‘shell unions’ or ‘bosses unions’,²³⁶ because the local trade unions usually mobilise the enterprise’s management in setting up the workplace trade unions. As a reward for the management’s ‘cooperation’, the local trade unions tend to not enquire too closely how much these workplace trade unions are manipulated by the employer.²³⁷ These trade unions were commented on by a high-profile union official in Guangdong Province:

A host of the workplace trade unions are viewed by workers as an organ subject to the management. In a peaceful time, these trade unions do works such as help workers in difficulty or host activities and competitions, to mobilise workers to better

²³⁴ Legal Work Department ACFTU, *Labour contract coverage in medium and big scaled enterprises is more than 90% in most of the provinces*, 25th Jan 2010, online, http://www.gov.cn/jrzq/2010-01/25/content_1519017.htm (accessed 14/08/20). In Chinese.

²³⁵ *The 2002 Official Reports of ACFTU*, <http://www.china.com.cn/chinese/MATERIAL/268398.htm>; *Grass-roots Organisation Department of ACFTU: The significant achievement of grass-roots organisation from 14th National Congress of ACFTU*, <http://www.acftu.org/template/10001/file.jsp?cid=201&aid=72843>; Renmin Daily, *China union membership amounted to 239 million*, <http://acftu.people.com.cn/GB/14530330.html>. (All accessed 14/08/20). All in Chinese.

²³⁶ Chang, K. (2013), ‘The Collective Transformation of Labor Relations and the Improvement of the Government’s Labor Policy’, in *Social Sciences in China*, 2013(6), pp. 91 – 108. In Chinese; Chen, F. (2009), ‘Union Power in China: Source, Operation, and Constraints’, in *Modern China*, 35(6), pp. 662-689.

²³⁷ Wu, Q. J. (2010), ‘Establishing Trade Unions within Foreign Companies in China’, in *Employee Relations Journal*, 32(4). In Chinese.

*produce production value for the boss. However, at the time of acute labour conflict, the trade union will represent the boss's interests.*²³⁸

3.33 Implementation of Collective Contracts

The collective contract system, alternatively named collective negotiation, has different connotations from collective bargaining in the West. Literally, the use of 'consultation' highlights the supposed identical interests of different groups, which whittles down the adversarial features of the relationship between labour and capital.²³⁹ It implies that conflicts arising from the differing interests shall be resolved by amicable negotiation.²⁴⁰ These principles were maintained and reinforced by the state-dominated approach in implementing the collective agreement system.

The collective contract system had been formally implemented in the private sector in China until the nationalisation of the private sector in 1957.²⁴¹ The resurgence of the collective contract system after three decades was taken as a means of adjusting transitional labour relations. It was initiated by the Ministry of Labour (abbreviated as MOL) and by the ACFTU to be implemented in various types of enterprise, with an aim of establishing 'independent negotiation' between labour and capital.²⁴² It was not formally introduced until the promulgation of the *Labour Law*, and then was supplemented by the more detailed '*Provisions on Collective Contract*' issued by the MOL in the same year.²⁴³ The latter regulation stressed that the collective contract should be concluded on the basis of 'equality and unanimity through consultation'.

²³⁸ Deng, W. L. (2010), 'Most of the workplace trade union presidents are not directly elected by workers', *Yangcheng Evening News*, 3rd July, 2010, online, http://www.ycwb.com/epaper/ycwb/html/2010-07/03/content_867517.htm (accessed 2014/08/04). In Chinese.

²³⁹ Baek, S. W. (2000), 'The Changing Trade Unions in China', in *Journal of Contemporary Asia*, 30(1), pp. 46-66.

²⁴⁰ Pravda, A. and Ruble, B. A. (1986), 'Communist Trade Unions: Varieties of Dualism', p. 6, in Pravda, A. and Ruble, B. A. (eds.), *Trade Union in Communist States*, London: Allen & Unwin Press.

²⁴¹ Clarke, S. (2005), 'Post-socialist trade unions: China and Russia', in *Industrial Relations Journal*, 36, pp. 2-18.

²⁴² These can be concluded from the early regulations of collective contract system, and the speeches of the high profile officials of MOL. A recommended website in further exploring the initiations of the labour policies is the 'reformdata' (*zhongguo gaige xinxiku*), <http://www.reformdata.org/special/474/> (accessed 2014/08/04). In Chinese.

²⁴³ Clarke, S. (2005), 'Post-socialist trade unions: China and Russia', in *Industrial Relations Journal*, 36(1), pp. 2-18.

The laws required that the contract shall be signed between the enterprise union, on behalf of workers, and the enterprise. In an enterprise without a trade union, workers could elect democratically representatives to sign the contract with the enterprise.²⁴⁴ The draft agreement should be approved by a workers' congress or all the workers. The scope of the contract was broad, concerning pay, working time, labour safety, insurance and welfare, etc. Generalised collective contracts had been the main form of collective contracts, while wage negotiation was not formally specified by regulations until the *Provisional Measures on Collective Wage Negotiation* issued by the Labour and Social Security Bureau in 2000.²⁴⁵

In 1996, a joint circular was issued by the MOL, the ACFTU, State Economic and Trade Commission (abbreviated as SETC) and China Enterprise Directors Association (abbreviated as CEDA). It was intended for non-state sectors and enterprises with marketised management. FIEs and domestic private enterprises were targeted to implement the institution alongside the rising unionisation in these non-state establishments.²⁴⁶ This circular established the use of government led bilateral institutions to assist the grassroots actors to sign collective agreements. In this approach, the relevant government departments were obliged to provide the framework of the collective contract, set out the legality and valid terms of the signed contract, and co-ordinate the two sides. The regional trade unions and the employer associations were then obliged to provide their subordinates in enterprises with guidance, opinions and information support. It is reported that within half a year, enterprises concluding collective contracts had increased by six-fold.²⁴⁷

Multi-employer agreements were concluded as supplementary to enterprise negotiations in order to overcome various obstacles and resistance from enterprises. Sectoral/occupational agreements, as the major forms of multi-employer agreements, were originally applied within a limited geographical area, where the small

²⁴⁴ Article 33, *Trade union law* (2001).

²⁴⁵ The wage negotiation was regulated to set up experimental trials in FIEs. See MOL, *Several Opinions on the Wage Negotiations in FIEs* (1997).

²⁴⁶ MOL, the ACFTU, the SETC and the CEDA (1996), *Notice on the Gradual Implementation of Collective Negotiation and Collective Contract System*. <http://www.zjhz.lss.gov.cn/html/zcfg/zcfgk/gzfu/33948.html> (accessed 2014/08/04). In Chinese.

²⁴⁷ Taylor, B., Chang, K. and Li, Q. (2003), *Industrial Relations in China*, p. 190, Cheltenham: Edward Elgar.

enterprises were organised under a sectoral union organization. The law stated that the local federation of trade unions should guide the enterprise union to sign, or directly sign itself, collective contracts in those cases where the enterprise trade union was absent, or it should sign sectoral collective contracts with the local employer associations. The upper trade unions distributed targets for the agreement of collective contracts to the lower level trade unions. Trade unions at all levels were required to secure administrative compliance, with substantial quotas assigned from above. Substantially implemented after 2000, this approach towards sectoral/occupational agreements has been used to fulfill the assigned targets, by virtue of its strength in achieving a substantial magnification of the contract coverage.²⁴⁸ Between 2003 and 2007, the number of collective agreement increased by 45%, and the coverage of enterprises and workers rose by 40% and 28% respectively.²⁴⁹ But these collective agreements are formal documents ‘largely enumerating the rights and benefits already prescribed by the law’.²⁵⁰

In a similar way to the process of union organisation at workplaces, by employing its political leverage in influencing the government administration, thereby gaining the latter’s co-operation, the trade unions have formed an alliance with the Party and government to put pressure on the employers. The mechanism was substantially backed by the Party-led coordination of bodies such as the Industry and Commerce Bureau, Tax Department, and Administration of Justice. Worked on this in the name

²⁴⁸ Wen, X. Y. (2013), ‘Model of Administration and Union’s Dilemma in Collective Contract System’ in *China Party and Government Cadres Forum*, 2013 (5); China Labour Bulletin, (2007), *The collective contract system is the necessary choice for adjusting the labour relations*, p. 12-13, online, [http://www.clb.org.hk/schi/sites/default/files/File/No.10%20report%20on%20CC\(S\).pdf](http://www.clb.org.hk/schi/sites/default/files/File/No.10%20report%20on%20CC(S).pdf) (accessed 14/08/20). Both in Chinese

²⁴⁹ ACFTU, (2008), *New Achievements in Coordination Mechanisms of Labour Relations*, online, <http://acftu.people.com.cn/GB/67580/134642/134649/135868/8171012.html> (accessed 14/08/20). In Chinese.

²⁵⁰ Chang, K (2013), ‘The Collective Transformation of Labor Relations and the Improvement of the Government’s Labor Policy’, in *Social Sciences in China*, 2013(6), pp. 91 – 108. In Chinese; Chen, F. (2009), ‘Union Power in China: Source, Operation, and Constraints’, in *Modern China*, 35(6), p.662-689; Clarke, S. (2005), ‘Post-socialist trade unions: China and Russia’, p.8, in *Industrial Relations Journal*, 36(1), pp. 2-18.

of labour inspection, security checking, tax checking, and business checking, the unions gain both the sanctions and the legitimacy that gives them power.²⁵¹

3.34 Concluding Remarks

In the marketised economy, although undermined by the dismantling of the state socialist economic system, the trade union's traditional role had been re-established within the dualist functioning framework. The union's large scale campaigns of workplace union organisation, and the establishment of the collective contract system, show clearly the ACFTU's attempts to make the union active and adaptive in the new economic society.

Decades of trade union reforms are indicative of the realistic approach adopted by the Chinese trade union, in which the trade unions became more reliant on and embedded in the state apparatus. But while the 2002 ACFTU leadership undoubtedly reinforced the bias within the union's dualist functions, the underlying forces were those of the dualist functioning unions themselves. This is evident in two facts. Firstly, the approach for union collaboration with the government had been initiated before the tenure of the new leadership. For the workplace union, the approach can be traced back to the 1999 Ningbo Conference, while collective agreement campaigns adopted this approach soon after it was implemented in 1995. The non-adversarial way, which prevents the trade union from developing its basic functions by mobilising the rank-and-file, was the root cause. Secondly the ACFTU leaders are directly controlled by the party and central government. Decisions made by the ACFTU have the support of the party-state. Chinese union history tells of the tragic end of radical ACFTU leaders who challenged the tolerance of union dualism. These approaches are characterised by top-down union campaigns employing administrative resources. The developments of establishing workplace unions and collective contract implementation, as two major trade union functions, illustrate the methods in these approaches.

It has been argued that, in the process of the top-down campaign of grassroots unionisation, the regional trade unions largely relied on their political status to gain

²⁵¹ Wu, Q. J. (2012), 'Collective Negotiation and the 'State-led' Regulation of Labour Relations – strategy and practice of quotas management', in *Sociological Study*, 2012(3). In Chinese.

the support of the government. The foci of trade union functions thus moved from inside the company to outside the company, where substantial collaboration exists between the local trade unions and the government. As the local trade unions were increasingly embedded in the state apparatus, the government thus became the primary influence behind the local union activities.

The decrease of the trade union's independence from the local government changed the trade union bureaucracy itself. This cuts off its upper from its lower organisational levels. The gap became more significant between the helpless workplace trade union and the powerful local trade unions that are embedded in the government apparatus. The isolation of the grass-roots trade unions from the higher level union is indicative of a genuine separation between the trade union and the workers. Hence the workplace trade union became vulnerable to management, who can exert substantial influence, and collective contracts exist in name only. This dysfunctional institution became one of the key culprits in accelerating labour unrest.

3.4 Regulatory Framework of the Strike Resolution

3.4.1 The Right to Strike

There is a fear that guaranteeing the right to strike may accelerate industrial instability. Governments have revealed their negative attitudes towards strikes by trying to not touch this issue.²⁵²

Whether the strike is legal in China is a debatable issue. The existing laws, such as the constitutional law, labour law, labour contract law, trade union law, etc., do not grant either workers or trade unions the right to strike. This fact induces a common assertion that 'strikes are illegal in China'. In academia, opinions from the mainstream, both overseas and domestic, argue that the 'strike is not illegal in China'.²⁵³

²⁵² This is the conclusion drawn from my interviews with national labour and union officials. Also see Ge, S. Y. (1996), 'A Preliminary Exploration on Strike Legislation in China', in *Law and Commence Study – Journal of Zhongnan University of Political Science and Law*, 1996(3); In Chinese. Chang, K. (2013), 'Legitimacy and the Legal Regulation of Strikes in China: A Case Study of the Nanhai Honda Strike', in *The International Journal of Comparative Labour Law and Industrial Relations* 29(2), pp. 133-144.

²⁵³ Representative scholars of advocates include Anita Chan, Tim Pringle, Chan C. K. C., Chang Kai, etc. Two legal professors are representative of the opposite view. They are Dong

This debate concerns two facts within the relevant legal frameworks. The constitutional law removed the right to strike in its latest edition. Some argue that, ‘(since) it is commonly claimed that the absence of legal prohibition means freedom, with the implication of ‘as long as it is not expressly prohibited by law, (the right) is feasible’.²⁵⁴ Some aver the right is only present at an abstract level, and it lacks specific provisions, such as those releasing strike activities from tort liabilities; hence this right is not realistic at all because those organizing strike action can in principle be punished.²⁵⁵

The other fact is that, except in the constitutional law, no other laws at national or local levels formulate the procedural rules of the strike.²⁵⁶ Some scholars draw their conclusions from the fact that some laws provide provisions concerning strike resolution. Most focus on article 27 of the Trade Union Law on the role of the trade union in resolving the strike. Some also refer to Martial Law (1996), and Civil Servant Law (2005), which have banned strikes in wartime or those conducted by civil servants.²⁵⁷ They argue the implied premises can be assumed by these legal contexts, meaning that Chinese law does not ban the strike in general, but also provides a legal basis for strike activities.²⁵⁸ The right to strike was thus viewed as a

Baohua, see Dong B. H. (2012), ‘Mechanism and Legal Limits of Workers’ Spontaneous Strike’, in *Gansu Social Sciences*, 2012(1), and Hou, Lingling, see Hou L. L. (2012), ‘British Workers’ Collective Action Legislation – analysis and learning’, in *Shenzhen Blue Book: Labour Relations Development Report in Shenzhen*, Beijing: Social Science Archive Press. The latter two are in Chinese.

²⁵⁴ Chang K. (2013), ‘Legitimacy and the Legal Regulation of Strikes in China: A Case Study of the Nanhai Honda Strike’ p. 136-137, in *The International Journal of Comparative Labour Law and Industrial Relations* 29(2), pp. 133-144.

²⁵⁵ Hou, L. L. (2013), ‘Legal Regulation on Workers’ Collective Dispute Actions – from the perspective of comparative laws’, in *Science of Law*, 2013(4). In Chinese.

²⁵⁶ One exception was the ‘Contemporary Regulation on the Labour Dispute Resolution in Dalian Development Zone’ issued by Liaoning Provincial Labour Bureau in 1994, providing procedural provisions on the strike. But this regulation expired in 1999 due to some reason.

²⁵⁷ In *Martial Law of the PRC (1996)*, Clause 2 under Article 13 says during the period of martial law, it is allowed ‘...to ban strikes of workers, shop assistants and students’; In *Civil Servant Law of the PRC (2005)*, Clause 2 under Article 53 says the civil servant shall not have the acts including ‘...organizing or attending any strike’.

²⁵⁸ Ge, S. Y. (1996), ‘A Preliminary Exploration on Strike Legislation in China’, in *Law and Commence Study – Journal of Zhongnan University of Political Science and Law*, 1996(3), pp. 34-38; Chen, B. L. (2006), ‘Discussing Conflictual Roles and Duty Sequences of the Union Practicer’ in *Journal of China Institute of Industrial Relations*, 2006(1). Both in Chinese. Chang, K. (2013), ‘Legitimacy and the Legal Regulation of Strikes in China: A Case Study of the Nanhai Honda Strike’, in *The International Journal of Comparative Labour Law*

‘concealed’ right.²⁵⁹

Another debate is about international law. In 2001, the Chinese government ratified the ‘International Covenant on Economic, Social and Cultural Rights’. When approving the covenant, the government placed no reservation on Article 8 which is ‘recognising the right of workers to form or join trade unions and protecting the right to strike’. Advocates see this as proof that the Chinese government acknowledges the principle of the right to strike, despite the acknowledgement, held by both advocates and critics, of an absence of any way of transforming international into domestic law to make it practicable.²⁶⁰

In addition, one line of argument focuses on whether there is an urgent need of legislating for the right.²⁶¹ Opposing this, some suggest taking the issue off the legal agenda. It indicates their concern about possible adverse consequences for social stability if strikes were to be made legal. The other argument, by contrast, suggests that any legislation on the right to strike may become *de facto* a ban on workers’ collective actions.²⁶²

and Industrial Relations 29(2), pp. 133-144. Scholars who refer to other laws employ a similar approach.

²⁵⁹ Chen, B. L. (2006), ‘Discussing Conflictual Roles and Duty Sequences of the Union Practicer’ in *Journal of China Institute of Industrial Relations*, 2006(1). In Chinese.

²⁶⁰ Chang, K. (2013), ‘Legitimacy and the Legal Regulation of Strikes in China: A Case Study of the Nanhai Honda Strike’ in *The International Journal of Comparative Labour Law and Industrial Relations* 29(2), pp. 133-144. Hou, L. L. (2013), ‘Legal Regulation on Workers’ Collective Dispute Actions – from the perspective of comparative laws’, in *Science of Law*, 2013(4). Su, M. H., Yao, H. M. and Zheng, L. (2001), ‘Legal Affirmation and Regulation on the Right to Strike’ in *Science of Law*, 2001(6). The latter two are in Chinese.

²⁶¹ Elfstrom, M. and Kuruvilla, S. (2012), ‘The Changing Nature of Labor Unrest in China’, paper for the International Labor and Employment Relations Conference, Philadelphia, 2nd-5th July 2012. Also see Estlund, C. and Gurgel, S. (2012), ‘A New Deal for China’s Workers? Labor Law Reform in the Wake of Rising Labor Unrest’, *New York University Public Law and Legal Theory Working Papers*, 3. 1. 2012.

²⁶² For the formal view, see Xu, J. Y. and Wang, H. Z. (2003), ‘Discussing the Right to Strike shall be Postponed’ in *Journal of Shanxi University*. In Chinese; for the latter view, see Feng, T. Q. (2011), *The Sensitive Issues and Rational Solutions to Collective Labor Disputes in China*, paper for Conflict and Cooperation: The International Symposium of Collective Labor Dispute Resolution and Regulation, Beijing, 17th-18th Dec 2011, and a summary of the view by Qiao, J. (2009), ‘Chapter 16: Investigation and Analysis on the Situation of Trade Union Officials in Enterprises –Investigating 1811 Trade Union Presidents by Questionnaires’, in Chang, K. (eds.), *Characteristics and Tendencies of Labor Relations in Contemporary China*, Beijing: Chinese Labour and Social Security Press. All above books and articles are in Chinese.

3.42 Regulations on Trade Unions in Strikes

The legal framework of the function of trade unions in strike resolution relates to the Trade Union Law, Collective Contract Regulation, and tripartite coordination system. In the absence of a legal basis for the trade union to support strikes, the law rules out collective action as a legitimate form of union strategy.²⁶³

When strikes occur, the trade unions are required to resolve the disputes. Article 27 of the Trade Union Law specifies the role of the trade union in resolving a strike.²⁶⁴ It stipulates ‘When a strike or stoppage occurs in an enterprise, the union shall represent workers to negotiate with the enterprise or with relevant parties, express workers’ ideas and demands, and give the union’s proposal. The enterprise shall resolve workers’ reasonable requests. The union shall assist the enterprise to restore production and working order as fast as it can.’ The 1992 Trade Union Law (Article 25) stated, ‘when the strike or stoppage occurs in enterprises, the union shall work with enterprise administration or relevant parties, to negotiate to resolve workers’ reasonable requests which can be resolved, and restore production orders as fast as it can.’

Several implications can be drawn from the comparisons between these two regulations. The 2001 law enhances the union’s representation of workers, and it also regulates the enterprise’s duties in positively resolving the conflict. But the law does not provide the union with a right to strike, as was in the 1992 law. An implicit implication is that the union shall adopt methods of representing workers to negotiate, as well as methods in the workers’ favour, such as persuading, reminding, assisting, impelling workers, to go back to work. (Though Article 27 of the 2001 Trade Union Law may treat strikes as normal and allow space for the union to play a more forceful role on behalf of workers in the event of a stoppage, the article also tellingly states, “The trade union shall assist the enterprise or institution in properly dealing with the matter so as to help restore the normal order of production and other work as soon as

²⁶³ Chen, F. (2003), ‘Between the State and Labour: The Conflict of Chinese Trade Unions’ Double Identity in Market Reform’, p. 1018, in *The China Quarterly*, No. 176 (Dec., 2003), pp. 1006-1028.

²⁶⁴ In terms of strike resolution, there are a number of relevant laws providing provisions. Martial Law (1996), Civil Servant Law (2005), etc., ban strikes in a martial period or those conducted by civil servants.

possible.” Thus, the ACFTU’s subordination to the Party and State ensures that it is impossible for the union to initiate strikes and protests on behalf of its members.²⁶⁵)

The *Collective Contract Regulation* (2004) is among the few national laws regulating the resolution of disputes arising from the signing of collective contracts. Although it does not provide strike resolution, the principles it contains may be instructive to understand the authorities’ preference in utilising resolutions in the summer 2010 strike waves, since these disputes concern the matters falling outside established laws or rights.

The Collective Contract Regulations adopt a tripartite principle that is to be employed in the resolution process. Article 49 provided, ‘one or both parties can bring forward the application to the administrative department for coordinated resolution; if there is no application, the administrative department can in a coordinated way resolve the dispute when necessary.’ Article 50 provides, ‘Administrative departments for labour shall organise the trade unions at the corresponding levels and the representatives of enterprises, jointly coordinate the collective labour disputes.’ In regulating disputes arising from establishing a collective labour contract, this regulation states the duty of the negotiation parties (which here mostly refers to the workplace trade union and the manager) that they shall ask for government bodies to coordinate the dispute resolution.

This regulation does not see strikes as a normal part of collective negotiation. But the regulation indicates similar principles for the trade union’s role in collective labour disputes as those in the trade union law. It prescribes the trade union’s function in strikes as both a representative of workers at the workplace and a coordinator with the government in a tripartite framework at higher levels. The law also indicates the primary responsibility of the government in resolving disputes. In addition the law empowers the government with ‘active intervention’, that the government can intervene when ‘there is no application’. By 2012, 87% of provinces had promulgated their own provincial regulations on collective negotiation. Closer examination finds that, except for a few cases, these regulations on addressing collective disputes

²⁶⁵ Elfstrom, M. and Kuruvilla, S. (2012), *The Changing Nature of Labor Unrest in China*, p. 6, paper for the International Labor and Employment Relations Conference, Philadelphia, 2nd-5th July 2012.

seldom involve further provisions, but are simply a copy of the national provisions.²⁶⁶ This indicates a lack of specific legal guidance on the behavior of the authorities in strike resolution.

Since the 2000s, the tripartite system has been developed to resolve collective labour disputes.²⁶⁷ The institution of the ‘State Coordinating Labour Relations Tripartite Meeting’ (abbreviated as ‘tripartite coordination meeting’ or ‘TCM’) was formally created in 2001. It is constituted by chief members from MOLSS, ACFTU and CEC. Due to the fact that the CEC mainly represents public enterprises, there is tendency, especially at local levels, for including various enterprise organisations in the meeting institute, such as the All-China Federation of Industry and Commerce (ACFIC), employer associations, Chambers of Commerce, and other enterprise or entrepreneur associations. At the national level, the ACFIC was recently included to be the other employers’ representative at the national meetings. The TCM institution is chaired by the deputy minister of MOLSS, while the two vice chairs are from the other two parties. The institution extends from national, provincial and municipal meetings to local meetings at city, county/township/district levels, while the configuration remains the same. The TCM mechanism was set up comprehensively, by 2009, and all provinces had established the TCM system. Many of them reached down to the city, town, and street levels.

The TCM has four main functions: (1) making and implementing legislation and policy on major labour issues, (2) promoting collective bargaining at enterprises, (3) participating in labour dispute resolution, and (4) implementing the campaign of establishing harmonious labour relations in enterprises and industrial regions.²⁶⁸ The function of dispute resolution is prescribed to be ‘Investigating and analysing cross-region or national-wide factors influencing collective labour disputes or collective accidents, and proposing opinions and suggestions on their resolution.’²⁶⁹ From 2009, confronted with the dramatic increase in labour disputes, the national TCM adjusted

²⁶⁶ Tu, W. (2013), ‘The current legislation of collective dispute resolution and its problems’, in *Human Resource Development of China*, 2013(21). In Chinese.

²⁶⁷ The term used here refers to both disputes of interests and disputes of rights.

²⁶⁸ Renmin University Research Group, (2010), *Tripartite Institute of Labour Relations Coordination – Analysis on its Improvement and Reform*, p. 40-46, unpublished report. In Chinese.

²⁶⁹ ‘*Directory Opinions on the Establishment and Improvement of Tripartite Coordination Institution of Labour Relations*’, MOLSS Document, (2002-08-13). In Chinese.

its main functions.²⁷⁰ In terms of dispute resolution, there were some additional emphases on collective dispute resolution:

- Strengthening the overall direction and service to local workers in coordinating labour relations, and establishing information communication and coordinated handling mechanisms.
- Working out resolutions together, adopting consistent actions in a co-ordinated way, and proposing opinions and suggestions on resolution.

But it rarely functions. Some of its professional committees only exist on paper.²⁷¹ An important reason is the government's overwhelmingly dominant role in the operation of the mechanism while the organisations' representativeness is questionable, thus lacking adequate credibility with their members.²⁷² In some regions, the tripartite meetings are actually operated by a joint meeting between the government and the trade union, while the number of union officials involved compared with government officials is relatively few.²⁷³ Owing to these weaknesses, apart from a few cases, it has not been widely adopted in strike resolution.

3.43 The Practices of the MSS System

Recent years have witnessed an increasing proportion of cases with the involvement of political and administrative resolution. These resolutions have been achieved through the mechanisms of the 'weiwen' system ('Maintenance of Social Stability', abbreviated as 'MSS'). In terms of the government regulation, strikes are classified invariably as 'unexpected accidents' with other forms of collective disputes that are not restricted to labour relations. In this framework, strikes are regarded as disturbing factors to social stability, and thus suppressed by the government. In doing this the political consideration is in collusion with capital in pursuit of exploitation of labour.

²⁷⁰ Renmin University Research Group, (2010), *Tripartite Institute of Labour Relations Coordination – Analysis on its Improvement and Reform*, p. 40-41, unpublished report. In Chinese.

²⁷¹ Renmin University Research Group, (2010), *Tripartite Institute of Labour Relations Coordination – Analysis on its Improvement and Reform*, p. 40-41, unpublished report. In Chinese.

²⁷² Clarke, S. and Lee, C. H. (2002), 'The Significance of a Tripartite Consultation in China' in *Asia Pacific Business Review*, 9(2), pp. 61-80.

²⁷³ Renmin University Research Group, (2010), *Tripartite Institute of Labour Relations Coordination – Analysis on its Improvement and Reform*, p. 40-41, unpublished report. In Chinese.

The MSS system was established in the 1990s. The highest authority is the Central Leader Group of MSS, as one of the deliberative and coordinating bodies within the Central Committee of the CCP. In each and every region, ranging from the provincial level to the town level, ‘offices of MSS’ (*‘weiwenban’*) have been established.²⁷⁴ The main actors in the MSS are the Ministry of Public Security, Public Prosecutions Office, National Security Bureau, and courts. The MSS system is employed in the dispute resolution process to intervene in a wide range of mass incidents, provoked by a multitude of factors such as SOE transformation, land acquisition, ethnic or religious disputes.

The trade union is institutionally integrated into the MSS mechanism. In resolving strikes, multilateral actors are involved. The local union is supposed to work with other departments, such as the labour bureau, the public security bureau, the courts, etc., under the centralised leadership of the local Party and government. The status of the trade union in the MSS system varies in accordance with local policies in different regions. And a more common requirement on the trade union is an informant role. In most regions it requires that, within 1 to 2 hours after the occurrence of a strike, the workplace union should report the strike to its upper-level union organisations and meanwhile report to the local party committee and government. And in some of these regions there are trade union informants, in targeting arenas and enterprises, monitoring the grievances of workers, and reporting the possible unrest to the higher trade union.

Rights to strike are absent in China, so the local government’s discretion has become determinant in handling them.²⁷⁵ In reality, organizing strike action is often seen to violate the social order. In resolving workers’ protests, local government’s resolutions are commonly implemented by judicial and administrative means in the MSS framework. Sometimes, the urgency of ending the protests can trigger the use of military means.

²⁷⁴ Caijing Magazine (2011), *the Machine of MSS*, 6th June 2011, online, <http://www.caijing.com.cn/2011-06-06/110738832.html> (accessed 14/08/21). In Chinese.

²⁷⁵ Baek, S. W. (2008), ‘The changing trade unions in China’, p. 60, in *Journal of Contemporary Asia*, 30(1), pp. 44-66.

3.44 Concluding Remarks

The trade union is not empowered with the right to strike. The formal legal framework entrusts the trade union with a role in the settlement of strikes. They prescribe the trade union functions in strikes as both a representative of workers at the workplace and a coordinator with the government in a tripartite framework at higher levels. In practices of strike resolution, the trade unions have to carefully balance the weight between their dualist functions, which are between ‘*weiwēn*’ (protecting the Party’s interests) and ‘*weiquan*’ (protecting workers’ rights).²⁷⁶

In the thirty years development of the reform, the state corporatist framework, in maintaining the principle of Classic Dualism, has undermined the balance within Classic Dualism. The trade unions are increasingly embedded in the government and management apparatus. This is the institutional and structural basis of the trade unions in their general activities and in strikes. At local levels, the local government’s dominant status in strike resolution is the main constraint on the trade union’s ‘*weiquan*’ approach. At the workplace level, a large number of them were controlled by the management, as a product of a decade of ‘top-down’ campaigning by the union organisational establishment.

Reviewing the national trade union’s attitudes towards strikes in history, it can be seen that experience of the past and the present are both indicative of the principle of union classic dualism, whereby conflict is resolved not by compromise but by what is seen as the common interest. In the 1956-1957 labour unrest, in an investigation in three districts in Shanghai in the 1950s, among 123 union presidents, only 3 had participated in protest leadership. But in the ACFTU report to the central committee, the union implicitly acknowledged the contradiction between the position of workers and management in socialist enterprises. And it also justified strikes by stating that ‘the bureaucratisation of enterprise administration is the main cause of workers’ strikes and petitions’. It admitted that ‘the unions were lacking in experience in dealing with the strike’. The official perception was one of ‘no encouragement, no

²⁷⁶ Xu, X. J. and Wu, Q. J. (2011), ‘An Academic Analysis on the Chinese Trade Unions’ Characteristics of Nature and Core Function’, in *Journal of Humanities*, 2011(5), pp. 165-172. In Chinese.

support, (but) participation’,²⁷⁷ which reflected a more pro-active attitude. In an official interview, the ACFTU president requested the enterprise unions to actively resolve disputes by ‘going to the mass to persuade the mass’.²⁷⁸

The present ACFTU’s perception of the union’s role in strikes is in a more conservative tone which is ‘no-encouragement, no-support, no-participation’.²⁷⁹ As one high-profile official publicly expressed it: ‘I do not agree with “strikes are the last resort in labour disputes”, the radical approach does not fit with China’s condition. Nor does it conform to the nature of the current state of Chinese labour relations or the fundamental interests of Chinese workers mass.’²⁸⁰

In 2006, the vice president of the ACFTU appointed scholars in the China Institute of Industrial Relations, the academic institution affiliated to the ACFTU, to conduct inquiries into a number of trade union issues, one of which was to establish a trade union mechanism for addressing collective labour disputes. This subject was chaired by Qiao Jian, the vice chancellor of the institution and an eminent labour and trade union expert. He observed:

*In dealing with collective labour disputes, the trade union had by and large remained silent. We’ve missed chances to investigate how the trade union takes part in incidents and how to protect workers’ rights. The vice president asked us to work out some rules for the trade unions in coping with strikes.*²⁸¹

²⁷⁷ Gao, A. D. (2012), ‘The Surefire Recognition and Resolution on Industrial Actions in 1950s’, in Feng, T. Q. Focusing on *Labour ‘Central Issue’ Problems in Contemporary Chinese Society*, Beijing: Chinese Worker. In Chinese.

²⁷⁸ Gao, A. D. (2012), ‘The Surefire Recognition and Resolution on Industrial Actions in 1950s’, in Feng, T. Q. Focusing on *Labour ‘Central Issue’ Problems in Contemporary Chinese Society*, Beijing: Chinese Worker. In Chinese.

²⁷⁹ Chen, W. G. (2012), *Concern and Reflection: Retrospection of My 30 Years Union Work*, Beijing: China Social Science Press. In Chinese.

²⁸⁰ Li, Secretary of Party Committee of the ACFTU, ‘Using the Radical Method to Resolve the Conflict in Labour Relations Do Not conform to current state of China’, 10th March 2011, online, <http://www.people.com.cn/GB/32306/143124/147550/14112975.html> (accessed 14/08/21). In Chinese.

²⁸¹ Transcript, Qiao, A speech to the DLDZ union officials, 1st August 2006.

Chapter Four - The Research Method

Strikes and the trade unions can be understood from many perspectives in China. From workers' emerging consciousness of the labour process, tensions on the shop-floor, and union officials' daily work, to transformations of the traditional enterprise, the political context in a given locality, and the evolving functions and structures of the ACFTU and its branches. Case studies, observation and interviews were the main forms of fieldwork for this study of Chinese trade unions. The varied empirical tradition in industrial relations research has long proved to be a rigorous method, especially in the UK.²⁸² It is necessary to describe the different approaches adopted.

4.1 Ethnographic Methods Used

4.1.1 Background to the Research Method

After my undergraduate degree I wanted to gain some direct experience of routine industrial employment. In early 2007 I worked in a Hong Kong owned electronics factory in Shenzhen, Guangdong Province. In Namtai, I did not separate myself from other working girls. I was not a bystander, but became one of them. It gave me an awareness of the normal, if not typical, experience of Chinese workers, illuminating some facets of life in the workshops, the nature of discontent, the power of management, and the (as it turned out) invisible nature of the union organisation in helping and protecting workers.

After I returned to Beijing, in the summer, I had a chance to work as an informal assistant for the head of a division in the legal department in the ACFTU. Working in the building of the ACFTU on the most famous thoroughfare leading to *Tiananmen* Square gave me a different feeling from the *Gushu* village where I had worked and lived a couple of months previously. Because officials in the four sections of the legal department worked in the same open office, I had chances to talk with staff in other sections and subsequently kept in contact with some of them. I acquired candid and

²⁸² Brown, W. and Wright, M. (1994), 'The Empirical Tradition in Workplace Bargaining Research', p. 153-154, in *British Journal of Industrial Relations*, 32(2), pp. 153- 164.

insightful views from these officials, and heard about the anxieties arising from their roles.

I went to the University of Warwick in 2007 to undertake a master's degree in labour law. And then from Spring in 2009 I had a chance to work in '*Lao Wei*', a law firm based in Shenzhen which specialised in labour disputes. Its name can be literally translated as 'labourer protection'. It had the stated mission that 'we act on behalf of the worker, not the enterprise'.²⁸³ While there, I witnessed numerous disputes, of which most were collective and were brought to the arbitration bureau and court. Because of *Lao Wei*'s high reputation among worker activists, I came across cases of collective action, and was impressed by the worker leaders' wisdom and ambitions. This was far beyond my limited observations as a worker in the electronics factory, where my workmates complained, quarreled and quit to express their grievances.

I started my PhD study in Cambridge in 2009. In May 2010, just when I was about to start my fieldwork, the famous strike in Honda Nanhai broke out, which triggered the wave of broad labour unrests across China. Because my father as a labour scholar was involved in several cases in the strike wave, I had opportunities to get a close look at them and to some extent to be involved in them. In August, I went to Pingdingshan in Henan Province, a city in the central plain of China. Partly because of the area's association with the roots of Chinese civilization, people in Henan have a reputation for their obedience and hard work. Between 14th May and 1st June, at the same time as the Honda Nanhai strike, a strike took place in a textile company in Henan which involved around 5000 workers. I took part in the legal assistance for an arrested worker in the strike, carrying out investigations on the site to prepare for the trial. I studied the working conditions of the factory, looked into the views of the actors, and visited the city federation of the trade union. I dealt with the government respondents to the company and striker, and saw the awkward position of the city trade union and became aware of the absence of the workplace trade union in the settlement process.

Drawing on these experiences, now we move to three specific aspects of labour relations - workplace labour relations, the ACFTU, and the strike – through my eyes.

²⁸³ The website of *Lao Wei*, <http://www.gdlaowei.com/index.html>, (accessed 14/09/06). In Chinese.

These experiences are used to present an initial picture of Chinese labour relations. The experiences of the ACFTU administration, and of the economic, social, political and institutional arrangements of workers' protests provided the basis for the understandings on the Chinese trade union's role in strikes.

4.12 Understanding Workplace Labour Relations

In early spring 2007, I worked in the Hong Kong owned Namtai electronic factory in Bao An District in Shenzhen. Namtai is a China-based contract manufacturer of cell-phone components. Major customers included Sharp, Sanyo, Epson, Motorola, Sony Ericsson, and Texas Instruments. At that time, it employed around 1500 workers.

My initial role in the factory was as a college student having her internship in the Namtai workplace trade union. The union president assigned me to assist the officer in the factory library that was run by the union. I noted down workers' names and found the books they requested. Apart from running the library, the union took responsibility for a wide range of activities, mostly they were entertainment. It was also in charge of allocating the workers' welfare provided by the company.

On the third day, I told the union president that I wanted to work in the workshop. He was astonished but agreed to let me go. Because the president had no authority to directly transfer me to the production department, I needed to take the factory's enrollment exams. Since it was shortly before the 2007 spring festival, some workers had left for home. Under an urgent order from the cellphone manufacturers, Namtai had to rush to fulfill production before the 7-day national holiday. Around a hundred additional workers were needed. After simple literacy and physical tests, the company recruited most of the candidates. A few of the new workers were males. We were assigned to a new order from Motorola to produce bluetooth wireless headsets.

The training for the new-comers lasted a couple of hours. After we had watched a short video about the workshop rules, we were led to the workshop K2, where hundreds of workers were busying themselves on the assembly lines. Training was not very significant because scientific management has simplified the whole production process into hundreds of short procedures. All the motions of each

procedure were normally controlled into less than a couple of minutes. One of the jobs which I took was sticking a slip of logo (around 20mm by 5mm) with paste to the shell. It was supposed to be finished within five seconds. The number of workers in each production procedure was precisely designed to ensure it to be best fit in the pace of the overall production.

‘Catch up with the line’ became my motto during that time, and I would be very happy when I was able to catch it up, not only because I did not have to be scolded by others, but also because I felt proud of myself as my pace had been integrated into that of the whole team. Working on the assembly line, any slow work will cause a pile up of uncompleted production, and thus slow down the whole line. This often aroused other worker’s dissatisfaction. At the same time, the concerted effort among workers was reinforced by the line, when everyone had to work at the speed of the line. After working for a couple of hours, my body suffered from pain because of the repetitive action. The pain lasted for a couple of hours and then disappeared as the feelings turned dead. Before the end of work, I was overwhelmed by a sense of numbness, without discomfort, irritation, or thinking.

During the week, we had a day off on Sunday. Morning work started at 7.10, and finished at 12.10. In between there was a five minute break. The lunch time was fifty minutes. Similarly, the afternoon work was from 1.00 to 5.10 with a five minute break. From 5.10 to 7.10 we had overtime work. The total working time for a day was 11 hours. The wage components were fixed. The basic earnings were determined by the labour grade of the duty. All the assembly workers were at the lowest level, paid on a monthly basis. The earnings consisted of (a) the base wage rate, based on a daily work requirement of 8 hours, which was at the level of the minimal wage in Shenzhen; (b) the overtime wage rate which was 150% premium percentage in weekdays, and 200% in weekends; and (c) the meal allowance of 900 RMB every three months. I worked in K2 for two weeks. In the week before the Spring Festival, we finished our tasks for Motorola. By the day, I received my two weeks’ salary which was 614.26 RMB.

Managing workplace labour relations

The management hierarchy at my workshop was, in order, the production chief, production managers, office foremen, line foremen, deputy supervisors, operators. The production chief (male, 40 years old) was in total charge of the production, and production managers decided the overall scheme of the production, then office foremen allocated production to different lines. The line supervisors (*lazhang*) were responsible for all production issues of the tasks allocated to their own lines.

The higher-profile managers and administrative staff worked behind the scenes. They worked in another building and seldom appeared at the workshop. The managerial authority was transferred from higher level managers to line supervisors. The foremen were in charge of adjusting the production pace, of job allocation for new comers, supervising workers, monitoring produce quality, and addressing problems that occurred in production etc. Unlike operators who were attached to the line, they can walk around to inspect the production procedures, and they also had the right to give operators permission to leave for the bathroom. Our foreman (female, 19 years old) did not like the task we were doing. But she could not refuse the complicated and new task that was allocated to her. She had to accept it and work with all the workers in her line, including on overtime.

The foremen played a crucial role as the interface between the manager and the managed in the daily production. Their authority was indeed limited, but their roles of daily supervision appeared more conspicuous in workers' eyes than the production manager sitting in his office. One day, I witnessed a girl quarreling with our foremen when the latter accused the girl of slow working. The quarrel later intensified and the foreman shoved the girl's production to the ground. The girl spoke out "I quit!" and then left. I was informed by my workmate that 'on the line, quarrels were frequent, but quitting was rare.'

I lived with nine girls in the dormitory. Most were in their early twenties. A-Mei showed me her photo taken in her first year working at Namtai. I could hardly recognise her in the photo, for the girl sitting in front of me looked like my aunty. Another girl in my dormitory was Lingling; she had a 20 pound weight loss after

working here for three years. In chatting, I was told that girls commonly had alopecia and insomnia to different degrees when working in this factory.

Most of my workmates had worked in other factories before they worked in Namtai. Compared with other factories nearby, the work in Namtai was more stressful and more restrictive in the line management techniques, though the working conditions were better and wages were higher. But almost everyone I talked to wanted to have overtime work, saying that ‘six-working days a week is the best!’ Without overtime work, workers were paid the basic wage that amounted to 600 RMB p/m. The remuneration mechanism in Namtai made no distinction between the long-standing and new workers. The turnover was high. And compared with ten years ago, the wage had remained the same in real terms, except for the food subsidy of 300 RMB.

Girls in my dormitory had different experiences. A-Mei was in her late 20s. She and her husband both worked in Shenzhen, in different factories. They had left their daughter at their hometown. Trying to save every penny, they would deposit 500 RMB every month. Fang, born in 1984, was married and had a son. Her family ‘can hardly put down any penny, except for the money for my son’s milk powder.’ Lingling sent money home every other month, because her parents would keep the money for her, otherwise ‘I would spend my entire wage soon after I am paid.’ The reasons to work out of their hometowns for these girls, born in the mid- or late- 1980s, varied.

*“Do I want to leave? Yes but no. I want to taste something new. I was getting bored when I worked at one factory for a long time. But I am not well educated, so it is not easy for me to find a better job. If I work in here, my parents do not have to feed me. They are not rich.”*²⁸⁴

*“I am from a small village. I want to have a look at the outside world. And the wage in Shenzhen was higher than working in enterprises in my town. Plus, agriculture does not make money and it is toilsome. Working in the factory is also hard work, but I have no choice, because I am not educated. I need to survive.”*²⁸⁵

²⁸⁴ Interview, worker 2, Namtai, 6th February 2007.

²⁸⁵ Interview, worker 3, Namtai, 6th February 2007.

A-Mei had been working for 13 years in Namtai. She worked in the inspection department. The workers in her department were seniors at higher job grades. A-Mei had a personal grievance against her department production manager who at times made things hard for her. The grievance procedure in Namtai was a part of the managerial mechanism. Having tried several times to express her grievance to the high-profile managers, she found ‘every time there were several supervisors in between, who concealed or misrepresented the grievances’.²⁸⁶ Workers neither went to the trade union nor sought to go to the district arbitration bureau for grievance settlement, because ‘there is little chance to win.’ Small-scale strikes took place sometimes for the sake of wages and promotion.

This was at the time when the Labour Contract Law was being drafted. A-Mei liked discussing it with other girls. She believed the labour legislation needed to be improved, so that workers’ rights and interests could be protected by the formal mechanism rather than at the random mercy of the managers. And she also believed that, ‘Workers will be aware of their rights, sooner or later, and struggle for them. The development of China does not go backwards.’²⁸⁷

4.13 Understanding the ACFTU

In June, 2007, I had an internship in the Legal Department in the ACFTU for a month, working as the director’s assistant in the division of legislation. The legal department contains four divisions, they are legislation, legal inspection, labour dispute resolution, and general administration. The duties of the department are ‘to participate in the legislation concerning workers and the trade union’, ‘to coordinate the trade union’s participation in legislation’, ‘to participate in the investigation and resolution of major labour dispute cases’, ‘to analyse and make drafts of policy and regulations concerning labour dispute resolution’, ‘to guide and take charge of legal assistance and legal services of the trade union’, ‘to cooperate with the relevant department to carry out legal education and propaganda’, and ‘to take charge of the daily operation

²⁸⁶ Interview, worker 1, Namtai, 5th February 2007.

²⁸⁷ Interview, worker 1, Namtai, 5th February 2007.

of the legal consultants' committee'.²⁸⁸ In the ACFTU, I observed and interviewed staff about major duties of the legal department. Two functions of 'participating in legislation' and 'coordinating the labour disputes' will be discussed below.

Participating in legislation

The legal department is an important part of the ACFTU's function. The trade union law empowers the union with rights of 'making (policies of) national economic development, legalising law/regulation/methods, making major departmental policies, working out workers' problem resolution, conducting surveys, etc.' And the law also asks 'government legal departments at all levels to listen to the union's opinions, and make reports to the union about the government's administrative agendas and resolutions relevant to union work.' Trade unions at several different levels exert influence over wage policies. It is the trade union's political status within the party and government that enables it to have significant access to legislation.²⁸⁹ My supervisor attended the meetings of the People's Committee every two months, though he was not allowed to speak in the meetings. The department regularly submitted documents with the union's opinions to the Committee.

One scholar argues that the prior endorsement of the party stemming from this formal arrangement and empowerment provides the trade union with a 'safe' sphere within which to function.

*"The legislation is for the most part the state's responsibility. Even the participants, workers will not take it as the union's responsibility. The union wants workers to honour the party not to honour itself. Otherwise the party will worry that the union may have the intention to unify workers in order to become autonomous and independent of the Party."*²⁹⁰

This scholar's argument was supported by the ACFTU officials,

²⁸⁸ ACFTU, *Organisational Arrangement of the Legal Work Department*, online, <http://www.acftu.org/template/10001/column.jsp?cid=150> (accessed 14/08/14)

²⁸⁹ Chen, F. (2009), 'Union Power in China: Source, Operation, and Constraints', p. 662, 679, in *Modern China*, 35(6), pp. 662-689.

²⁹⁰ Interview, Mr W, associate professor, China Institute of Industrial Relations, Beijing, 19th January 2012.

*“This direction [of legislation] is no problem [for the union-party relations]. Legislation is an objective subject, it is hardly influenced by the union’s dependence upon the political regime. And it is the party’s ideology of ‘rule by law’. [However], if those above say about a particular issue, ‘Let us not talk about this question any more’, the union will be silent on that.”*²⁹¹

In recent years the ACFTU has made great efforts in influencing legislation.²⁹² It has actively participated in the law-making of the labour and trade union, a process called ‘original participation’ (*yuantou canyu*). When the draft of Labour Contract Law was published for discussion, the ACFTU delivered notices to its branches, asking the trade union organisations and workers to deliver comments.²⁹³ Within a month, the draft received 191,849 comments from various interest groups, of which about 65% came from ‘ordinary labourers’.²⁹⁴ Every year the legal department set up a special fund within its budget. This fund would be used to ‘build good relationships’ with the law makers, by ‘inviting them to travel around China or go abroad.’²⁹⁵ However, my supervisor had been pessimistic about the legal framework: ‘I have seen the substantial influence of (capital’s) politics on legislation. Capital can spend a lot of money influencing the law. Workers do not have a voice.’

Labour dispute resolution

In January 2011, I interviewed the head of the Labour Dispute Resolution Division by telephone. The interview was based on a formal semi-structured interview, with a clear set of topics constituted by five broad questions concerning the ACFTU’s attitude and practice on strike resolution and union reform. The second interview was with the retired official who was my supervisor during my internship in the ACFTU,

²⁹¹ Interview, Mr G, director of Division I, Legal Work Department, ACFTU, 10th January 2012.

²⁹² Chan, A. (1993), ‘Revolution or Corporatism? Workers and Trade Unions in Post-Mao China’, in *The Australian Journal of Chinese Affairs*, 29, pp. 31-61.

²⁹³ Interview, Mr W, associate professor, China Institute of Industrial Relations, Beijing, 19th January 2012.

²⁹⁴ Xinhua Net, (2004), *The publicised Labour Contract Law Draft drew 191849 pieces of comments*, online, http://news.xinhuanet.com/legal/2006-04/21/content_4457789.htm (assessed 14/07/18). In Chinese.

²⁹⁵ Interview, Mr G, director of Division I, Legal Work Department, ACFTU, 10th January 2012.

the former head of the Legislation Section. It was conducted in a more casual way. I also interviewed scholars who work in the academic institutes of the trade union. The role of the trade union in strikes is perceived by the ACFTU official:

*“The basic attitude of ACFTU towards the strike is that, ‘the union does not support, does not encourage, does not use the strike to resolve the dispute’. In a strike, the union should understand the situation, listen to workers’ opinions and voices, and transmit the workers’ opinions and demands to the party and superior trade union. It should help the party and superior trade union to resolve the dispute.”*²⁹⁶

*“However, it is difficult to implement the position of the ACFTU in practice. Workers neither approve the workplace union in cases where one exists, nor accept the people from superior union who had few contacts with them before. The mass base of the trade union is absent. This makes it impossible for the trade union to have its mass base, because the union which has a good reputation among workers will inevitably be confronted by the hostility of the management, which results in a short-lived president.”*²⁹⁷

Although there had been lots of strikes recently, the ACFTU were not well informed from below. The subordinates concealed these incidents and did not report to the superior organisations. For the head, ‘It is indeed not a good thing for the ACFTU, if we are not aware of the actual situation. (But in reality), we stay aloof from the actual situation. We do not know what happens.’²⁹⁸

And there were also worries about the severity of the situation. One union expert observed of this crisis for the ACFTU that, ‘I heard this from the head of the ACFTU, “The sounds (‘*dongjing*’, the social effects of the workers’ strikes) are louder. Without being reformed, we will find it difficult to survive.”’²⁹⁹ An academic official in Guangdong provincial trade union stated, ‘If it fails to address it (the strikes), the

²⁹⁶ Interview, Mr L, director of Labour Dispute Division, Legal Work Department, ACFTU, 10th January 2012.

²⁹⁷ Interview, Mr L, director of Labour Dispute Division, Legal Work Department, ACFTU, 10th January 2012.

²⁹⁸ Interview, Mr L, director of Labour Dispute Division, Legal Work Department, ACFTU, 10th January 2012.

²⁹⁹ Interview, Mr F, chancellor of China Institute of Industrial Relations, 10th January, 2012.

trade union is going to die, as the Party will say “stop playing, you are useless!” This is a gamble for the union.³⁰⁰

4.14 Understanding the Strike

In August 2010, I worked with a lawyer on legal assistance for a worker arrested in the Pingdingshan Cotton Textile Co., Ltd. (short for *Pingmian*) strike. The worker had worked in the company for more than two decades. After the outbreak of strikes in the middle of May, he, among a group of workers, went to petition the authorities in the capital city of the province, and, on his own, hung banners in front of the factory gate. After that he was detained as ‘disturbing the social order’. Two days later the strike was suppressed by riot police. In the middle of August, the lawyer and I paid a visit to the city.

My experience

After submitting an application to the police office to meet our client, we were told that we had to find the section chief of the police office, who would be guarding the worker. But the chief did not appear until the office closing time. The next morning, we paid another visit to the police office, but did not see the section chief who was ‘in a meeting.’ Then I went to the factory with a worker. To the gate keeper, he introduced me as his niece to get permission to enter into the factory, where I witnessed terrible working conditions. The workshops were stuffy. The noise of machines was loud. And the cotton dust got into my nostrils with my every breath. When we were about to leave, the security head caught us, then detained and questioned us in a meeting room for a couple of hours. That afternoon, we met around twenty workers in our residential room. Soon the residential room was monitored by the enterprise. At night, the lawyer and I went out for dinner. On the way our taxi was followed by a car. It watched us during the meal. On the third day, we interviewed two company managers, the security head whom we had met the day before and an office manager. In spite of our request, the officer of the company union did not make himself available since he was ‘in a meeting’.

³⁰⁰ Interview, Mr L, vice president of Cadre School of Guangdong Province Federation of Trade Unions, Guangzhou, 18th November 2011.

We stayed at Pingdingshan for three days, and did not have a chance to meet the section chief of the police office. After a fortnight, our client was released on bail. It was reported that the authority was under pressure from a number of labour activists and NGOs.³⁰¹ While there I interviewed six union officers of the City Federation of Trade Unions, two medium level managers at the company, and several workers. I had no access to the workplace trade union.

The government in the strike

Chen (2003) distinguished the workers in SOE/COE restructuring from the protesters in wholly private-owned enterprises in terms of the ‘claims, reports of contention and outcomes’. The cause of the Pingdingshan strikes was typical of those in SOE/COE restructuring, where the workers’ rights and interests were violated by the privatisation scheme and the corruption of the management.³⁰² These two are the most common factors which have triggered workers’ protests.³⁰³

In 2006, the company proclaimed itself to be bankrupt and then was privatised by being merged with another company in Zhejiang. A number of workers were laid off with low compensation. They were bought-out at a price of 6000 yuan, which was much less than the dismissal compensation, as the legal compensation was approximately 10,000 yuan. In addition, because the company did not pay for their social insurance, which amounted to tens of millions yuan, there was no pension for them after the lay-offs. Workers had tried many times over the years to resolve their problems by visiting the labour bureaux and Discipline Inspection Commission at the local and provincial capital levels. They went to the local arbitration bureau, but their appeals were rejected as ‘it was not their business’. They lodged petitions to the local government, but again they did not receive any response. Earlier that year, a group of

³⁰¹ China Labour Bulletin, (2011), *A Criminal Case: the case of detaining Miao Wanli*, online, <http://www.clb.org.hk/schi/content/%E5%88%91%E4%BA%8B%E6%A1%88%E4%BB%B6%EF%BC%9A%E8%8B%97%E4%B8%87%E9%87%8C%E7%BD%A2%E5%B7%A5%E8%A2%AB%E8%A1%8C%E6%8B%98%E6%A1%88> (accessed 14/08/14). In Chinese.

³⁰² The chief manager was believed to have siphoned off the collective assets and stripped the majority of the company equipment. See a worker’s blog, online, <http://hi.baidu.com/%C1%B5%D1%A9%D0%A1%B1%F9/blog/item/e13c8c1ed8bb2ac4a7866996.html> (accessed 14/08/14). In Chinese.

³⁰³ Chen, F. (2003), ‘Industrial Restructuring and Workers’ Resistance in China’, in *Modern China*, 29(2), pp. 237-262.

them had distributed a petition letter to the central government, including the State Council's Letter Bureau as well as the ACFTU in Beijing. The managers and government officers were soon informed about this action.

*"We went [to Beijing] by train while they went by plane. They arrived at Beijing one day earlier than us. They held us back on our way, and promised to give us the compensation if we did not petition to the central government. But when we returned back, only some of us were paid a little compensation, most did not get anything."*³⁰⁴

Resolution of disputes arising from enterprise restructuring are commonly confronted with these institutional barriers. Cases concerning enterprise restructuring are not usually accepted by local arbitration bureaux, because of the significant social influence of these major grievances and the complexity of the causes relating to the government reform policies.³⁰⁵ Lacking formal dispute resolution channels, protesters have to go to the government departments providing informal grievance channels or the street. These protests normally took the forms of 'protest or riot on the streets, camping outside government buildings, and blocking vital communication lines such as railroads and highways to bring public attention to their plight and force the authorities to take action.'³⁰⁶ In a leaflet distributed to all the workers, it said, 'we hope the superior leaders could listen to workers' opinions patiently, punish the manager with severity, and give the five thousand workers justice'.³⁰⁷

The involvement of the government in the strike did not immediately end the conflict. After the occurrence of the strike, the city party/government organised a joint working team including officers from the Labour Bureau, officers from the National Land and Resources Bureau, officers from the local police office and three city union officers. After the government negotiated with the company, the latter raised the monthly wage

³⁰⁴ Interview, worker, Pingdingshan, 18th August 2010.

³⁰⁵ This argument is summarised from those of judicial practitioners in meetings concerning labour dispute resolution which I have attended.

³⁰⁶ Chen, F. (2003), 'Industrial Restructuring and Workers' Resistance in China', p. 241, in *Modern China*, 29(2), pp. 237-262.

³⁰⁷ Workers Forum, June 2010, online, <http://www.pdsit.com/topic-701-1.html> (accessed 14/08/14). In Chinese.

by 220 RMB. But workers rejected the offer.³⁰⁸ On 25th, a group of people burst into the strikers' camps and attacked workers. The policemen witnessed the attack but did not intervene until some of the female workers kneeled down and begged them. But workers later found that, although the police arrested some, they later secretly let the attackers go.

On the morning of 1st June, more than three thousand riot policemen appeared at the strike site and dispersed the crowd. The police took dozens of workers away. Three of them were later arrested for a month. The local mobile phone communication was cut till next day.³⁰⁹ The strike was officially ended. In the evening, a small number of workers tried to go back to the strike site. They were then monitored and controlled by the police. It was reported that on 3rd June, the vice mayor went to the company, asked the manager to resolve workers' demands and ameliorate the working conditions, to 'let workers see some real changes.'³¹⁰

Although the government had intervened, the company did not make many concessions. Pressures from the potent threat that it might expand the workers' social influence triggered the government's anxiety to curb the strike. Because the site of the protests was located outside the factory, it aroused great public attention and support. Workers from nearby factories and the local residents offered financial support by fund raising or donating bottled water and tents. These may have been the reason of the government cruel intervention. Before I went to Pingdingshan city, in Beijing I interviewed the Party Secretary of the Pingdingshan City Party Committee. In the interview, he explained his decision on repressing the strike. 'The strike has lasted for more than half a month, which is a long time. So I have to stop it, otherwise the situation might get out of control.'³¹¹ But the Party Secretary also admitted that he

³⁰⁸ China Newsweek, *Workplace Union kept Silent in Workers' Strike Incident*, June 2010, online, http://www.360doc.com/content/10/0624/22/231593_35050624.shtml (accessed 14/08/14). In Chinese.

³⁰⁹ Workers Forum, June 2010, online, <http://www.pdsit.com/topic-701-1.html> (accessed 14/08/14). In Chinese.

³¹⁰ China Newsweek, *Workplace Union kept Silent in Workers' Strike Incident*, June 2010, online, http://www.360doc.com/content/10/0624/22/231593_35050624.shtml (accessed 14/08/14). In Chinese.

³¹¹ Interview, Party Secretary, Pingdingshan City, 1st August 2010.

personally was not well informed on the strike situation, and he had made the decision because his subordinates' report made him realise the 'gravity of the matter'.

In resolving the strike, the detaining of strike activists was intended to intimidate other strikers. In some cases, the strikers who are arrested receive criminal penalties or were sentenced to forced labour.³¹² In this case, after being held by the police for two months, the strikers were formally arrested as the leaders of the strike on a sentence of 'disturbing social order'. After one worker's arrest, his parents went on the street, clothed in white paper on which was written their appeal to the government to release their son. In their letter, they promised their son would behave himself in the future and they will never let him 'rush to the fore'.

The tough attitude of the government constrained the trade union. Three union officials of the City Trade Union joined the working team organised by the government. In my investigations, the city trade union officers were generally reluctant to talk about the strike. After introducing myself as a researcher from the ACFTU, the chief of the legal department, who had been recently transferred from the personnel department, met me and made a speech concerned with a number of 'achievements' of the trade union in recent years. I contacted some union officials in unauthorised ways. These unofficial interviews went smoothly and interviewees tended to be frank, though all rejected my recording of the interviews.

4.15 Reflections on Participant Observation

These experiences are drawn from my participation in these three settings, seen from the perspectives of the working girl, the intern student in the ACFTU, and the legal assistant for a striker's trial. These first hand experiences are conducive for exploring the *meaning* of the context for the actors, by understanding 'what is happening around them'.³¹³

³¹² China Labour Bulletin, (2008), 'An analysis on the evolvement of workers' collective action', online, http://www.clb.org.hk/schi/files/No%2012%20SOE%20workers%20rights%20report_finalS.pdf (accessed 14/08/13) In Chinese.

³¹³ Merriam, S. B. (1988), *Case study research in education: A qualitative approach*, p. 19-20, San Francisco: Jossey-Bass.

In Namtai, my studying of workers' behaviour in day-to-day life revealed how conflict unfolds in specific contexts. Workers were attracted by the better working and living conditions in urban factories, for they were generally from the less advanced regions where the economy was much poorer. Worker's working conditions were based on an individual contract, which is a unilateral imposition from the managerial authority. They had ambiguous targets of their grievances due to the dispersion of the managerial authority. The Namtai trade union was a 'model' union in terms of democratic election.³¹⁴ But from my observation, it did not play any visible role in resolving workers' grievances, nor in adjusting daily employment relations.

Workers who were born prior to the mid-1980s normally had heavier burdens of raising their family. Younger workers tended to be in less need of the wage, and they were desirous for experiencing a living style different from the one of their home towns. So long as their income would maintain their basic life, they would like to spend more time 'living a life'.

In the ACFTU, the national trade union organisation's participative legislation function is powerful in effecting favourable labour legislation. It reflects the fact that the unions' legitimacy has been primarily reliant upon their political status. Because of their bureaucratisation and reliance on the Party, they are *de facto* prevented from mobilising or empowering grass-roots forces. Their impact on the balance of power between labour and capital in the workplace is limited.³¹⁵ The increasing labour unrest accompanying workers' growing awareness and confidence leaves the trade unions trapped in a dilemma. More formalised and favourable legislation might arouse more protests of workers to defend themselves in disadvantageous employment relations, which is a symptom of union failure. Yet the unions can do little except continue to engage in the 'safest behaviour' of participating in law-making.

³¹⁴ Nanfang Daily, *Trade Union Direct Election: Pushing forward the Grass-roots Democracy*, 8th July 2003, online, <http://news.sina.com.cn/c/2003-07-08/1141341274s.shtml> (accessed 14/08/01). In Chinese.

³¹⁵ Chen, F. (2009), 'Union Power in China: Source, Operation, and Constraints', in *Modern China*, 35(6), pp. 662-689.

In the case of Pingdingshan, the workers' defense of their rights confronted institutional barriers. Normally the shortest duration of the whole judicial procedure for a simple dispute case lasts two years. Most of the workers thus abandon use of judicial resolution and accept compensation by mediation, which means the amounts of the compensation are substantially lower than the statutory requirements. My experience of the difficulties of legal assistance also emphasises the managers' typically strong personal economic and political background.

4.2 Research Method

4.2.1 Adjusting the Analytical Framework

Through my links with Renmin University I participated in several research trips concerned with topics associated with mine. The programmes offered rare access to individual workplace organisations, which would have been inaccessible to most individuals. Some of the research programmes were funded by government or trade union bureaux, which provided access to national government departments and local labour departments at provincial, city and district levels, along with local trade union bodies. A number of the workplace trade unions were thus introduced through the local union bureaux. Most of the interviews with workplace presidents used a group discussion. After establishing connections with these presidents, I personally contacted them and expressed my wish to interview them again on a one-to-one basis. Some accepted my request. I therefore had several second or even third visits to these cases on my own.

Between August 2010 and December 2013, I carried out researches in a number of provinces including Liaoning, Guangdong, Tianjin, Henan and Jilin. I interviewed officials of 17 workplace unions, and 9 regional (district, town, city and provincial) union presidents. The 17 cases are listed in Appendix A at the end of the chapter. In terms of company ownership, these cases include 12 FIEs, three joint ventures, one POE and one SOE. 12 of them had at least one strike experience. Two of them traced their first strikes back to the 1990s; the stories of these two gave insights into the rather different approaches adopted by the local authorities to resolve disputes throughout the decades. The latest strikes in Tianjin Futaba (Japanese owned enterprise) and Jilin Kumbo (Korean owned enterprise) had taken place in 2011. The

rest of the companies that experienced strikes were all involved in the summer of 2010 strike wave.

In addition, I had interviews with two ACFTU officials and a number of scholars who worked at colleges or institutes affiliated to the national and regional trade unions. I had also interviewed six officials from relevant government departments, one official from the Ministry of Human Resources and Social Security at national level, and four enterprise managers. I made efforts to reach workers independently. Some of my colleagues rented accommodation near the factory, and thereby had the chance to talk with workers.

The dispute resolution procedures adopted in the 17 cases appeared to be far from uniform in terms of the union's role. In Guangdong, the three cases of Honda Nanhai, Denso, and Honda Lock all presented very different pictures. In the first workplace the trade union was absent; in the second it worked with workers in the negotiation; and in the third a physical conflict was triggered between the union and the strikers. In Pingdingshan the strike was suppressed by riot police, while trade unions did not play any visible role. In the Dalian Development Zone (abbreviated as DLDZ), the trade unions' decisions were substantially the same across the district under the same authority, and all of the strikes were resolved by the combined efforts of the workplace trade unions and the district trade union. On closer examinations in DLDZ, the TDK and Omron workplace unions survived in the strike storm in 2010. By contrast, in Tostem and Seiko, the same grassroots union presidents succeeded in preventing the strike in 2005, whereas they lost their control in 2010. In Nidec, the workplace union president spent three days getting workers back to work in the 2005 strike while in the 2010 strike it took him half a day to resolve. The two 2011 strikes in Futaba and Kumbo were both resolved by the government and trade unions at the regional level, while their workplace trade unions failed to play an effective role in channeling workers into the bargaining, although they were requested to do so. This diversity of union behaviour, and of the ensuing effects on the strikes, calls for a fresh perspective to explore the mechanisms behind the scenes.

Table 1. Original Research Plan, 2010

Establishment \ Event	Union does not intervene	Union intervenes
Enterprises with union	Type 1	Type 2
Enterprises without union	Type 3	N/A

The initial research plan had sought to shed light on the union's mobilisation of power by comparing different forms of union involvement in a strike, by distinguishing two categories of enterprise – those with a union and those without a union (see Table 1). And the initial intention was to elucidate the typical union representative's role in the strike. The assumption was that the existence of the union was the primary determinant of its role.

It became apparent that this typology for explaining types of union behaviour, based on a union's presence or absence with regard to the establishment, may tell us little about the reality. The simple *existence* of the trade union was not sufficient to explain whether or not it was likely to play a role. It became evident, from a large number of cases, that the union's function in strike resolution was only substantial when other supportive factors were present that permitted and encouraged the union's participation. A more proper question for investigation was *how* the unions in some cases could play a role in dispute resolution, whereas in others they could not. Therefore the primary reason for the choice of the cases shall be that, these cases can provide data that were rich enough for an exploration of a number of important facets of the interactions among the four actors.

4.22 Conducting the Six Cases

Six cases were selected from my fieldwork for deeper study. Three from the North and three from the South. The three cases from the DLDZ are the firms Nidec, TDK and Tostem. The three cases from Guangdong Province are Denso, Honda Nanhai and

Honda Lock. All the cases are Japanese-owned.³¹⁶ The cases were chosen with the intention of explaining and examining the underlying theories on a more observable and comparable basis. I will discuss the rationales for such a choice from theoretical and practical viewpoints next.

Theoretically the choice of exclusively Japanese-owned cases reduced the number of variables affecting outcomes. The introduction of, for example, SOEs or purely Chinese-owned cases, would have added more complexity than could be investigated through what was necessarily a limited number of cases.

From a practical standpoint, the contrasts with regards to the main components of labour force and the patterns of labour protests between the SOE and POE, as introduced in Chapter One, indicate a tendency for the emerging strikes to be characterised by disputes of interests in POEs, and especially the FIEs. According to the combined data captured by labour NGOs, such incidents around the year 2010 were particularly prominent in FIEs. Among the 435 cases of industrial action that took place between January 2008 and March 2012, their occurrence in multinationals accounted for 31% of all strikes and protests.³¹⁷ Major associated elements include the relatively better working conditions in these enterprises³¹⁸ and the young migrant workers who are more legally minded, having higher demands of wages and working conditions.

The 2010 strike waves reflected the concentration of auto plants in Pearl River Delta in Guangdong Province and in DLDZ which were affected by the influential Honda Nanhai strike, which had particularly strong demonstration effects in factories that were Japanese owned or related auto plants. According to the official public media, the Honda Nanhai Strike was followed by Fengfu Auto Parts Factory in Foshan,

³¹⁶ Except for Honda Lock, which is a joint-venture enterprise (30% funded by local government).

³¹⁷ The two NGOs have kept observed the strikes in China are China Labour Bulletin and China Strike Map. The analysis on the data is presented in Elfstrom, M. and Kuruvilla, S. (2012), 'The Changing Nature of Labor Unrest in China', paper for *The International Labor and Employment Relations Conference*, Philadelphia, July 2-5, 2012. Noted, the FIEs included Taiwan and Hongkong owned enterprises.

³¹⁸ Lüthje, B. (2012), 'Diverging Trajectories: Economic Rebalancing and Labor Policies in China', p. 15, *East-west Center Working Papers: Politics, Governance and Security Series*, (Apr. 2012)(23).

Guangdong (7th June), Guli/Honda Lock Factory in Zhongshan, Guangdong (one of the suppliers of Honda) (8th June), Huhan Auto Parts Factory (APAC), (one of the suppliers of Honda) in Wuhan, Hubei (17th June); Nansha Denso Auto Part Factory (one of the suppliers of Toyota), in Guangzhou, Guangdong (21st June); Atsumitec Auto Parts in Foshan, Guangdong (12nd July). These enterprises were generally in advanced manufacturing, in which workers were often highly skilled. The economic prosperity after the global financial crisis in 2008 led to demands for ‘sharing the profit with the company’ as an exceptional feature of the 2010 strike wave. In addition, the high incidence of strikes in Japanese-owned enterprises in the 2010 strike waves may also be attributed to the political sensitivity of Sino-Japanese relations, which was readily employed by strikers in their mobilisation.³¹⁹

A finding of importance in this study is the effects of type of ownership on the nature of involvement of government in the resolution of strikes. As has been observed, ‘...when a wave of single-factory strikes swept Guangdong Province in 2010, “the authorities generally avoided the use of police to break up strikes. They instead adopted a neutral approach, actively mediating between labour and management and promoting dialogue as a means of resolving disputes’.³²⁰ The relative independence of foreign owned enterprises of local government, both economically and personally, reduced the potential collusion between them. And the relatively advanced economies of the two particular regions in this study further contributed to the shifting attitude of local governments in keeping the relative balance between the workers and the company. Governments tended to adopt relatively relaxed or sometime pro-worker approaches in strike resolution, which provides the researcher with the opportunity to witness the more observable behaviour of trade unions within a broader scope despite the sensitivity of government influence, as will be illustrated in the next two chapters.

In addition, the differentiations between the South and North provide interesting viewpoints in observing union practices. The comparatively short industrial history of the modern China generates clear divergences between the original socialist

³¹⁹ Lu, J. (2013), ‘What Affect Worker’s Mobilisation in the Strike?’, *A paper presented in the ‘Comparative Labour Law in Japan and China’*, Hokkaido, 6-7 July 2013. In Chinese.

³²⁰ China Labour Bulletin 2011: 34, cited by Elfstrom, M. and Kuruvilla, S. (2012), ‘The Changing Nature of Labor Unrest in China’, p. 9 – 10, paper for *The International Labor and Employment Relations Conference*, Philadelphia, July 2-5,

institutions and the more recent market-oriented institutions. The Northern cases could be seen to reflect past socialist paternalism. DLDZ is located in the coastal city of Dalian in Liaoning province, an arena where heavy industries have dominated for decades since the socialist period. The Southern cases are more clearly influenced by marketisation, so that their labour relations are more exposed to capitalist production methods characterised by the pursuit of more efficiency and less workers' protection. It is not the intention of this research to make generalisations about these differences. But it looks at the significance of these regional characteristics in shaping the particular form of the union's involvement in strikes.

In Honda (Nanhai), we had a variety of access to parties at all levels. With regards to local authority, it included meetings with Guangdong Provincial Trade Union Federation, Foshan City Union Federation, Honda workplace union president, and with Foshan Labour Bureau, Nanhai District labour bureau. It was possible to have a dinner with Zeng, the general manager of Guangzhou Automobile Group Corp. Limited, who played key roles in all three cases in South. In addition, informal group discussions with key strike figures were held in one of their accommodations.

In Honda Lock, we interviewed the town Party Committee member, the deputy chairman of the town labour bureau, the president of the town union federation, the president of the workplace union, and one workplace union committee member.

In Denso, we were introduced by the Guangzhou City Federation of Trade Unions (GCFTU) to meet the Nansha District Union. In their office, we had a discussion with the district union president, one senior union official, and two Denso workplace union presidents. After that, I had informal conversations with the district union president and workplace union presidents over lunch. Later we interviewed two workers and two Japanese managers. In May 2011, I undertook a participant observation in Denso, in the role of Collective Negotiation Inspector sent by the district union. I had interviews with the union president, the deputy president and the former president; with two union committee members, one of whom was the mid-level manager, and one union secretary. After I left the company, connections with some of the interviewees were maintained, and I had several chats with them by QQ (a Chinese

instant messaging system). In addition, during my stay, the Denso union experienced its first collective bargaining after the strike. It was possible to attend a range of meetings related to this collective bargaining. The meetings were selected to reflect the variety of ways in which worker representatives, union officials, and management interacted in the period after the strike. Finally, I conducted a questionnaire-based survey, targeting the union cell group leaders, who were also worker activists – among them were the key figures who launched the strike.

In the North bloc, we carried out two main investigations on DLDZ, in April 2011 and in August 2012. The first was a general research survey of the area. Investigations (in the form of workplace union committee seminars and factory tours) took place in Omron Union, Toshiba (Dalian) Union, Tostem Union, Mabuchi Union, Seiko Union, Cannon Union, Nidec Union, and with local authorities -the City labour Bureau, the DLDZ General Union and the DLDZ Labour Bureau. During these, we had a formal discussion with a Japanese manager in Seiko. Additionally, by the arrangement of the DLDZ General Union president, we had a group discussion and meal with union presidents whom we had met in our earlier interviews.

On the second visit, we tightened our focus to four enterprises, Nidec Union, Tostem Union, Mabuchi Union and TDK Union. TDK was an interesting case, that had been absent in previous fieldwork. There we also interviewed a workers' representative in their collective negotiation. Our return to DLDZ enabled us to witness the change in the conduct of workplace collective bargaining that had taken place over the course of a year.

Appendix

List of the 17 workplace trade unions researched (with the number of officials interviewed), August 2010 – December 2013

	Case (Number of Employees)	Type of Ownership	Date(s) of Interview and Location (city)	Number of Trade Union Officials Interviewed
1	Honda Nanhai (1800)	FIE (Japanese)	August 2010, Nov 2010, Foshan	8
2	Denso (1300)		August 2010, Nov 2010, May 2011 Guangzhou	7
3	Honda Lock (1500)	JVE (Sino- Japanese)	Nov 2010 Zhongshan	3
4	Pingmian (5000)	POE	August 2010 Pingdingshan	5
5	Tostem (3000)	FIE (Japanese)	April 2011, August 2011 Dalian	2
6	Nidec (7000)		April 2011, August 2011 Dalian	2
7	TDK (3000)		August 2011 Dalian	2

	Case (Number of Employees)	Type of Ownership	Date(s) of Interview and Location (city)	Number of Trade Union Officials Interviewed
8	Canon (7000)		April 2011 Dalian	2
9	Omron (3000)			2
10	Seiko (1000)			2
11	Mabuchi (5000)			2
12	Toshiba (2500)			2
13	Futaba (700)	JVE (Sino- Japanese)	August 2012 Tianjin	3
14	Denso (1500)	FIE (Japanese)		2
15	Kumho (700)	FIE (Korean)	Dec 2013 Changchun	1
16	FengYue (5000)	JVE (Sino- Japanese)		2
17	Jilin Guodian (2300)	SOE		2

Chapter Five – Case Studies in Guangdong Province

5.1 The Context of Guangdong Province

The context of labour relations in Guangdong cannot be simply generalized, owing to the diversity within the province. This section attempts to give an overall picture of the marketised framework of the labour relations, and the openness of top leadership's perception in the resolution of strikes, serving as the context of the dominant variables of institutions and strategies.

5.1.1 The Development of Labour Relations

Since the economic transformation in the 1980s, Guangdong has led the nation's GDP growth in terms of the manufacturing sector. Foreign direct investment (FDI) played an important role in the fast growth of Guangdong economy. By 2007, it took up 42.7% of all enterprises in Guangdong.³²¹

Tides of 'inter-provincial migrant workers' began to flood into the area from the late 1980s. It was estimated that in the mid-1990s, the figure of migrant labourers was at least 12.5 times of that of the early 1980s.³²² In 1996, there were 11 million migrant workers in Guangdong.³²³ In 2003, the figure reached 100 million.³²⁴ After the spring festival in 2004, an unpredicted 'shortage of labour' swept China, mostly affected regions were Fujian Province, Yangtze River Delta Region, and Pearl River Delta

³²¹ People's Government of Guangdong Province, Section of *Production*, online, http://www.gd.gov.cn/tzgd/tzhj/tzhjhy/200709/t20070921_20566.htm (accessed 14/09/02). In Chinese.

³²² Chan, C. K. C. (2010), *The Challenge of Labour in China: Strikes and the changing labour regime in global factories*, p. 22, Routledge: London.

³²³ Lee, C. K. (1998), 'The Labor Politics of Market Socialism: Collective Inaction and Class Experiences among State Workers in Guangzhou', p. 8, in *Modern China*, 24(1), pp. 3-33.

³²⁴ This figure was vague. The number of the migrant workers by 2003 was independently estimated to be 120 million by the National Statistics Bureau, and 100 million by the Population and Family Planning Commission. The figure in 2004 was pronounced to be 103 million by the Ministry of Agriculture. See Liu, J and Chen, L. (2005), 'Employment, Structure and Characteristics of Migrant Workers', in *China Labour and Social Security News*, 26th July 2005. In Chinese.

Region where Guangdong Province locates.³²⁵ In Guangdong the labour shortage was estimated to be 1 million. It affected especially the labour intensive industries, and it was skilled workers who were the most needed.

Since the mid-2000s, the Guangdong Provincial government commenced a reform scheme called '*Teng Long Huan Niao*' (empty the cage and change the bird), to abandon reliance on extensive manufacturing and to encourage industrial structure upgrade. Recent years have witnessed profound changes of the Guangdong economy. In 2013, tertiary industry outweighed secondary industry for the first time. In the same year, the proportion of advanced manufacturing accounted for 23.9% of large scale industry, contributing approximately half (48%) of the overall share of GDP in large scale industry.³²⁶

Despite the diversity of different localities in marketised regions, the research suggests that the functions of workplace trade unions are constrained. These trade unions are normally non-existent or ineffective under management control; and in other cases, for example, multinational corporations and JVs, the unions 'usually have a relatively secure position and are coopted into factory management... [though] contract based regulation of wages and working conditions remains weak.'³²⁷ Trade unions in the three cases in this chapter demonstrate this statement. The workplace trade unions in Honda Nanhai and Honda Lock were completely controlled by the management, and while the union in Denso had more enthusiasm for workers it was also constrained by the management. As the Denso workplace union president stated,

"I am a senior manager. I also have my own business. I know the severity of the situation. If Denso stops, next will be the Guangzhou Toyota being stopped, then will

³²⁵ Chan, C. K. C. (2010), *The Challenge of Labour in China: Strikes and the changing labour regime in global factories*, p. 23, London: Routledge.

³²⁶ The 'advanced manufacture' refers to 'high quality, high efficiency, low consumption, low pollution' industries. The 'large scale industry' refers to the business with an average annual revenue amounting to 20 million RMB from its prime operation. See Southern Daily, *The tertiary industry for the first time outweighed the secondary industry in ten years*, online, http://gd.ce.cn/sy/gd/201402/27/t20140227_1372112_1.shtml (accessed 14/02/27). In Chinese.

³²⁷ Lüthje, B. (2012), 'Diverging Trajectories: Economic Rebalancing and Labor Policies in China', p. 15, *East-west Center Working Papers: Politics, Governance and Security Series*, (Apr. 2012)(23).

auto parts suppliers to Toyota stop, which renders the Honda's stoppage, later it will be the Hyundai. We cannot afford it. Hence, all I thought was how to restart production. You (workers) want to restructure the union, and re-elect the presidents? Fine, I would confess my mistake, I will accept anything you want me to do, only will you go back to work."³²⁸

5.12 Institutions and Strategies of Regional Administration in the Resolution of Strikes

Guangdong has never been strike free. It encompasses several advanced industrial cities, including Guangzhong, Shenzhen, Zhuhai, Zhongshan. Research shows the maturity of the government's perception on the strikes, which is an important input to the withdrawal of the political constraints on strikes, prevailed throughout the province to some extent.

A survey on the local governments' perceptions on the strikes between the two provinces of Jiangsu and Guangdong³²⁹ revealed geographical distinctions.³³⁰ The survey looked into perceptions of 222 government officials specialised in the labour dispute. 99 respondents were from Jiangsu Province, 123 from Guangdong Province. The age of the respondents was between 40 to 55 years old, and the average lengths of respondents' working in labour relations governance were 8.26 years. The argument that 'the strike is a normal marketised behaviour in resolving labour disputes' was supported and opposed by 42% and 32% respectively in Guangdong and by 31% and 44% in Jiangsu. When it comes to government resolution of strikes, 92% of all interviewees stressed the importance of the government's intervention in the disputes. 77% agreed that the reason that 'government intervention was necessary' was 'guiding immature labourers and managers'. Remarkably, the Guangdong officials showed their higher tendency to minimise intervention in strike resolution. The method of 'self-negotiation between labour and capital with third-party mediation' was prominently favoured in Guangdong (31%) than in Jiangsu (9%), while the

³²⁸ Interview, Mr K, president of workplace trade union, Denso, 10th May 2011.

³²⁹ These two provinces represent the core regions in Pearl River Delta and Yangtze River Delta respectively.

³³⁰ Wang, R. J. (2014), 'Government Regulatory Strategy and Logic of Behaviours in Strike Resolution', *PhD Thesis*, Renmin University. In Chinese.

method of ‘government emergency mechanism’³³¹ was preferred in Jiangsu (37%) rather than in Guangdong (9%). The peaceful pattern of the protests served as another important factor in reducing the government’s anxiety when the strike broke out. Asked about the argument that ‘the strikes were organised in a rational way’, 34% and 28% respectively supported and opposed this statement in Jiangsu; whereas in Guangdong, almost half of the respondents agreed (48%) and 19% disagreed, showing a more relaxed attitude towards the strikes among the Guangdong government officials.

In addition, the attitude of the high-profile authority of the province in the resolution of strikes could restrain the local government behaviour in their handling in the strike. In the local authority’s handling of the Honda Nanhai case, the provincial Party secretary directly provided directions which ‘sent a clear message that strikes are economic conflict between labour and management, and that external force should not be used to handle them’.³³² It is reported that the authority once had an intention to institutionalise strikes by having trade unions take the lead in organising the strike.³³³

The openness at the top left sufficient scope for local authorities to act, thus yielded the variables of authority’s behaviour in different regions. In Honda Nanhai, the government adopted a *laissez-faire* strategy by allowing the workers and managers to bargain on their own. In the other two cases, Denso witnessed the government’s withdrawal of administrative intervention, in an attempt to institutionalise workers into the existing mechanism dominated by the trade union. And in Honda Lock, the government tightly constrained both sides to make a compromise. Moreover, it is worth mentioning that the use of force by Public Security in all three cases was confined to merely maintaining public order.

One thing worthy to notice is the inexperience of local governments in general in Guangdong. For instance, the Nanhai District, where Honda Nanhai located, alone

³³¹ This mechanism was in essence the approach of maintenance of social stability (MSS).

³³² Chang, K. (2013), ‘Legitimacy and the Legal Regulation of Strikes in China: A Case Study of the Nanhai Honda Strike’, p. 142, in *The International Journal of Comparative Labour Law and Industrial Relations*, 29(2), pp. 133-144.

³³³ This information is from a meeting of GZCU on discussing the legal regulations of strike management, on 13th August 2010. The author participated in the meeting and took notes.

suffered six incidents of strikes between June to November, and the official in Nanhai District Labour Bureau admitted, 'We have never met an incident on such a scale, we lacked the adequate experience to deal with it.'³³⁴ And the governments at local level were in a process of learning and exploring with the continuing experience of similar strikes in Guangdong Province. The Nanhai District Labour Bureau took the experience of the Honda Nanhai strike as the guide in resolving subsequent incidents. In the case of Atsumitec, which took place a week after the end of the Honda Nanhai strike, the government gave workers a certain scope to express and formalised such behaviour. A 'public letter' was sent to workers, stating that the government understood workers' appeals, suggested the workers should resolve the problem by negotiation, asked workers to be restrained and rational. By 'reminding workers to not cross the line or destroy the machines,' according to the government official this was to 'protect the workers by preventing a change in the nature of the conflict, as not to harm public security.'

5.13 Concluding Remarks

Guangdong has seen labour relations undergoing a radical development motivated by its rapid marketisation. This is reflected by the industrial transformation, the enhanced labour quality, the openness of high-profile authorities' ideology and the variables of local authorities' approach in the resolution of strikes. The workplace trade unions were generally constrained in adjusting labour relations. In confronting the intensive strikes in 2010, the authorities, both the government and the trade union, were fairly inexperienced, and displayed a variety of institutional responses. In addition, the conceptions of the authorities in Guangdong demonstrate a higher degree of government acknowledgement, compared with other provincial authorities, of the practicality of self-regulation in labour relations.

It therefore would be expected that the government authority would display a variety of attitudes from firm to relaxed. In the cases where the authorities adopted a more relaxed attitude, more scope was provided for self-regulating negotiations between labour and capital in the resolution of strikes, and for the involvement of trade unions.

³³⁴ Interview, Ms Y, deputy director of Nanhai District Labour Bureau, Foshan city, 10th November, 2011.

5.2 Honda Nanhai

5.21 Background

Auto Parts Manufacturing Ltd. (CHAM) was set up in 2007, owned by Honda Motor Co., Ltd (Japan). Honda (Nanhai) is located at Shishan Town in Nanhai District (abbreviated as SSTU), in the area of Foshan City, Guangdong Province. It supplies more than 80% of key auto components to four joint-venture Honda Auto Plants.

Established in 2005, Shishan Town Federation of Trade Unions was a branch at the street administrative level. By 2010, it had 4 offices with working committees and more than 2,000 workplace branches, one of them was Honda Nanhai workplace trade union. In 2008, in the election of the Honda Nanhai union committee, the candidates were nominated by the company and the street union. These candidates were managers at middle or high level positions. The union president was the vice chief of the Administration and Registration Division, in a high-profile management position, with a salary of more than 200,000 Yuan.

In Honda Nanhai, the majority of workers joined the union, because it made economic sense: ‘if you pay 5 Yuan per month to the union, you will get 300 Yuan worth of shopping vouchers in vacations.’³³⁵ Apart from distributing welfare, functions of the workplace union were organising sport, travel and other entertainment activities. In early 2010, the union organized several trips in Guangdong Province. On the day before the strike (16th May), there was a company sports competition organised by the trade union. The union also had the duty of transmitting workers’ opinions and demands to the company, although the feedback received from either the union or the company was very limited.³³⁶

³³⁵ China Newsweekly, *Looking at the Honda Strike*, 2nd June 2010, online, http://www.kaixin001.com/repaste/17239453_2113993661.html (accessed 14/03/11). In Chinese.

³³⁶ China Newsweekly, *Looking at the Honda Strike*, 2nd June 2010, online, http://www.kaixin001.com/repaste/17239453_2113993661.html (accessed 14/03/11). In Chinese.

Within a few years of its being built, the annual output of the factory doubled to 240,000 units in 2010. Despite the rapid expansion of production, employee numbers at Honda remained around 1800. A significant proportion of its workforce comprised intern students enrolled from technical schools in Guangdong or neighbouring provinces. Recruitment in Honda Nanhai was based on internship. Students in their final-year in school would take a 'one-year' internship in Honda. After graduating in one year, these students would be offered 'formal employment statuses' by the company.³³⁷ By the time of the strike, the intern students amounted to as much as one third of the whole workforce. The wage level of the newcomers, who were usually intern students, was around 900 Yuan per month. When they became contractual workers in half a year to one year, the monthly wage increased to 1300 Yuan. But after deducting the social insurance charge and food expenses, this monthly income was around 1000 Yuan, or less. It was reported the overall increased income of workers after five years was merely 100 Yuan. Workers had long expressed discontent with the low level of salary, the lack of promotion, the equal remuneration for all, and the poor employment conditions of the intern workers.³³⁸

5.22 The Course of the Strike

The strike was provoked by the reward plan proposed by the enterprise. In early May, the statutory minimum wage in Foshan increased from 770 Yuan to 920 Yuan per month, raised by nearly 20%. The company did not raise the wage, but transferred a certain amount of the contingent wage to the basic wage to fulfill the statutory requirement of a wage increase.

Two workers from Hunan Province, Tan (23 years old) and Xiao (20 years old) in the transmission assembly division led the first strike on the morning of 17th May. Because of its key position in the production process, the stoppage of the transmission assembly division quickly spread to other departments. In a few hours, all of the

³³⁷ Chan, C. K. C. and Hui, E. S. L. (2012), 'The Dynamics and Dilemma of Workplace Trade Union Reform in China: Case of the Honda Workers' Strike', in *Journal of Industrial Relations*, 54(5), pp. 653-668.

³³⁸ New Century, *Honda Strike over the Pay Challenges the 'Cheap Labour' Manufacturing Model*, 31st May 2010, online, <http://finance.sina.com.cn/chanjing/sdbd/20100531/01088026958.shtml> (accessed 10/06/01). In Chinese.

moving lines came to a halt. Workers were requested by managers to deliver their opinions and demands. After the company promised a 'satisfactory reply' on 21st May, they went back to their work.

In the subsequent days, bargaining meetings were organised by SSTU, attended by workers from five key divisions, which covered the main striking workforces. From each division, two front-line representatives and the squad leaders were elected to represent workers to negotiate with the Japanese managers. Some workplace trade union committee members also participated in the meeting.

Worker delegates put forward 108 separate demands, among which the most important were that the basic wage should increase by 800 Yuan and that the yearly incremental rate of increase of the basic wage should be over 15%. They met other workers to discuss it after the bargaining commenced. When the managers refused to provide printed versions of the workers' demands, Tan and Xiao headed the worker representatives in leaving the meeting room. Later on they were invited by the company to come back to the bargaining table, and each got the paper version of the demands.³³⁹ But those bargaining did not conclude any agreement on the wage increase.

On 25th the company offered its own wage increase plan, which was an increase of 55 Yuan in the workers' living subsidy. This offer excluded the intern workers. Later, the company published an announcement of the dismissal of the two strike organisers, charging them with 'breaking the company's regulations'. At the time, a rumour spread in the factory that the company was recruiting new workers from other parts of Guangdong province to replace the strikers. Workers then launched a comprehensive strike and appealed to the company to rehire the sacked organisers.

The ensuing week witnessed a severe impasse. The company revised its wage proposals several times. It substantially increased the overall income of intern students, whereby the interns' basic wage would be much closer to that of the

³³⁹ China Newsweekly, *Looking at the Honda Strike*, 2nd June 2010, online, http://www.kaixin001.com/repaste/17239453_2113993661.html (accessed 14/03/11). In Chinese.

standard worker. And the intern students were asked to sign a letter promising not to participate in any strike action. These trainees were enrolled at their final year in school, so they had not graduated from the schools yet. Teachers from the intern students' schools were invited by the company to persuade the students. The senior workers posted leaflets stating 'you are traitors to China if you submit the document!' Intern students then were in a dilemma, as no one 'want(ed) to be traitors.'³⁴⁰ Nevertheless, the mainstream of intern students voluntarily participated in the alliance with their senior counterparts. On 27th May the two groups jointly put forward a formal letter responding to the company. The letter set out five demands. Firstly the basic wage should increase to 800 Yuan; secondly a seniority premium system should be introduced with a 100 Yuan increase per year of service; thirdly, the company should rehire the two sacked organisers, and should not undertake any vindictive act after the strike; fourthly, the wage lost during the strike should not be deducted; lastly, the workplace trade union should be restructured, and the union president and union committee members should be re-elected democratically.

On 31st May, the company announced an official proposal of raising the basic wage by 24%, amounting to a 366 Yuan increase. By the time, most strikers went back to production, except around 50 who insisted on striking. In the afternoon, about 200 people in yellow hats, having a 'SSTU' label on their clothes, besieged the strikers and requested them to go back to work. A physical conflict occurred between the workers and the 'SSTU' people near the factory entrance. Workers inside the factory were immediately informed by the strikers. The news spread among workers in their posts by text messages. They ran out of the workshop and gathered at the playing field.

In the afternoon, a key figure, Zeng Qinghon, stepped in to the dispute. Zeng Qinghon was Deputy Director and General Manager of Guangzhou Automobile Group, but to the strikers, he introduced himself as a representative of the National People's Congress. He asked the SSTU to apologise to the workers. On the second day, a 'Letter of Apology' was publicly issued by the town union. Zeng persuaded workers to have another bargaining meeting with the company on 4th June and told workers if

³⁴⁰ Chan, C. K. C. (2012), 'Class or Citizenship? Debating Workplace Conflict in China', p. 320, in *Journal of Contemporary Asia*, 42: 2, pp. 308-327.

they were not satisfied with the results, they can continue with the strike. Workers agreed and returned to work. Their representatives issued an open letter to the public,³⁴¹ which was strongly rebuked by Zeng as ‘illegal’.

The workers also invited an eminent labour scholar, Chang Kai, to help them. He, working with workers, re-organised the delegate election, revised the demands, and participated in the bargaining as the workers’ legal consultant. On 4th June, workers’ representatives and enterprise representatives participated in a bargaining meeting hosted by a local government official. The strike was finally ended by agreement based on the concession that the basic wage would be increased by 500 Yuan while other demands were to be discussed in further bargaining.

5.23 Activities of the Actors

Workers

The Honda Nanhai strike manifested a relatively high level of workers’ labour consciousness and capability for action. They were not satisfied with the low level of wages and working conditions guaranteed by statutory minimum provisions. They compared their income with the profit gained by the company. They were more concerned about the fairness of the decision-making mechanism, demanding their own involvement in decision-making. In the strike, they neither accepted the managers’ unilateral decisions, nor accepted ‘closed’ negotiations between the government and managers.

In these actions, various communication methods were employed, such as mobile phones, texting, instant messaging, and on-line chat-rooms. They posted the latest information about the strike on several internet forums and maintained close connections with the media to provide publicity. They sought social help and invited the labour scholar to help them in the final negotiations, to compensate for their lack of experience and knowledge in bargaining.

³⁴¹ Chan, C. K. C. (2012), ‘Class or Citizenship? Debating Workplace Conflict in China’, p. 320, in *Journal of Contemporary Asia*, 42: 2, pp. 308-327.

Two particular factors may have protected them from potentially damaging political risk. Firstly, Honda Nanhai workers had deliberately restricted the location of the strike to within the factory or their accommodation, unlike previous strikers elsewhere who went outside the factory to attract more public attention. In addition, they insisted their representatives should wear the company uniform when they were interviewed by the media. And they explained this that, ‘We are genuine workers. (Yet) without the uniform, we are “social people”.’³⁴² It reflected an increased awareness of workers targeting the employers as their objective, in contrast to the sort of labour awareness under socialist production that largely involved the state. Secondly, the demands concerning the trade union had also been restricted in the sense that workers called for the ‘re-structuring of the trade union’, rather than ‘establishing an independent trade union’. Moreover, workers also refused to be interviewed by overseas media. These all contributed to reduce the government’s nervousness about the possible expansion of the strike’s social and political influence.

Government

The government had been concealed behind the scenes. On the occurrence of the strike, a team of labour inspectors went to the factory, as a routine administrative investigation, to examine the implementation of labour laws and infringements of workers’ legal rights. They reported to the workers that there was no managers’ violation of the law and left. Presumably because of the increasing public attention to the strike, the government had until then been low key in its involvement in the strike except for the action against the small group of workers on 31st May, partially owing to the nervousness provoked by a high-profile party member ‘asking the local authorities to resolve the strike quickly’. It was reported that the government conducted a broad investigation of the issues, to be used as evidence to persuade the company to raise wages. There were several government-company meetings which lasted several hours.

In the light of the directive from the provincial Party Sectary and the involvement of Zeng, and after the physical conflict, the government in the ensuing resolution process

³⁴² *Notes of a Journalist on Honda*, June 2010, online, <http://www.youth-sparks.com/bbs/viewthread.php?tid=2746> (accessed 14/10/20). In Chinese.

turned to a milder and more neutral attitude, until the final bargaining, where it acted as a third party, hosting the bargaining meeting between workers and their representatives and the company. As stated above, an important reason was that the strikers had limited the dispute to being within the economic sphere and had behaved in a peaceful way.

*“From the beginning, we defined the strike as an economic conflict between workers and the company. This was because the striking workers were organised from within the workplace, and they did not extend the strike outside the factory. Hence, it was easy for us to cope with it in this manner, so that we played the role of a mediator in the dispute.”*³⁴³

Management

The company lost its authority in the strikes. Its tough stance worsened the situation which resulted in the workers’ adopting an uncooperative strategy at a later stage. The changing government attitude in the strike was an impetus for the company’s concession. More importantly, the strike itself posed tremendous stress on the management by arousing a huge profit loss. A week after the strike broke out, four of Honda’s vehicle manufacturers relying on CHAM as their supplier halted production. The number of workers in these factories who ceased work amounted to 100,000.³⁴⁴ The daily loss of output amounted to 40 million RMB, and the total loss of all the Honda factories in China was near to 3 billion RMB³⁴⁵.

Trade Unions

On the occurrence of the strike, the workplace president tried to talk to workers, but workers did not respond and made fun of him.³⁴⁶ Supervised by SSTU, the workplace

³⁴³ Interview, Mr P, senior officer of Nanhai District Labour Bureau, Foshan city, 10th November, 2011.

³⁴⁴ Lin, Y. L. (2010), ‘Collective Actions Push Trade Union Reform in China’, paper for Conflict and Cooperation: The International Symposium of Collective Labor Dispute Resolution and Regulation, Beijing, 17th-18th Dec 2011. In Chinese.

³⁴⁵ Beijing Morning News, *The strike led to 3,000,000,000 RMB loss, Honda production plan faced the adjustment*, 8th June 2010, online, <http://news.bitauto.com/others/20100608/0705164696.html> (accessed 14/07/07).

³⁴⁶ China Newsweekly, *Looking at the Honda Strike*, 2nd June 2010, online

trade union organised several bargaining meetings, and some of the union committee members were present in these meetings. They helped workers to summarise their demands, but they kept silent during the negotiation with the managers. An important reason is that the guidance and assistance from SSTU was inadequate.

There was a power imbalance in relations between the SSTU and the government. The SSTU's subordinate position to the government was manifested by its passivity in the strike. The trade union was a part of the local 'working team for emergency resolution' led by the government, in which the SSTU was 'a small potato' (*xiaojuese*). In the overt conflict between SSTU and strikers, the SSTU was utilised as it was easier to intervene in the name of a trade union. Apparently the SSTU had little voice in this decision. After the event, its superior, the Guangdong Provincial Federation of Trade Union (GDPU) decided to not defend the SSTU, because they 'had to carefully weigh its relationship with the government', though 'we were rather unhappy with such a strategy'.³⁴⁷ In addition, the SSTU itself had an ambiguous conception of the representative role of the trade union. One SSTU official stated in a public interview during the strike that the union did not consider itself as a central actor between the manager and workers in the dispute, 'Our main duty in the dispute is to provide both sides with a negotiating platform, as the union should not intervene in a dispute between workers and the employer.'³⁴⁸

5.24 Summary

In the Honda Nanhai strike, the management largely lost its authority over workers. The government for the most part withheld its administrative authority in directly intervening in the disputes. The workers' actions escaped from official control. Their own organisation was well represented and they self-disciplined themselves by acting in an orderly and effective way.

http://www.kaixin001.com/repaste/17239453_2113993661.html (accessed 14/03/11). In Chinese.

³⁴⁷ Interview, Ms S, Head of Legal Assist Department, Guangdong Provincial Trade Union Council, 18th November 2010.

³⁴⁸ China Newsweekly, *Looking at the Honda Strike*, 2nd June 2010, online http://www.kaixin001.com/repaste/17239453_2113993661.html (accessed 14/03/11). In Chinese.

In the process of strike resolution, the trade unions were not the significant actor. Workers abandoned the workplace trade unions and organised the strike on their own. In both their relations with the government and the company, the unions at different levels were in disadvantageous positions. After the strike, a collective bargaining system was established in which the provincial and lower level trade unions were heavily involved.³⁴⁹

5.3 Honda Lock

5.31 Background

Honda Lock (Guangdong) Co., Ltd. (short for Honda Lock) was established in 1996 and located at Xiaolan Town, Zhongshan City, Guangdong Province. Xiaolan Town was a small town in what was originally an agricultural region, but later it came to be dominated by private manufacturing. At the time of the study, there were some 28,000 enterprises registered, among which there were 1200 large-scale enterprises.³⁵⁰ As a result of its industrialisation and social governance it has been regarded as a ‘model’ town in the Pearl Delta Region in Guangdong. Requested by the local CCP committee, the labour bureaux, the Xiaolan Town Federation of Trade Unions (abbreviated as XLTU) and the judicial department ‘made concrete efforts in building up a (good) foundation for enterprise development.’³⁵¹ By 2010, the town had 160,000 local residents and 150,000 migrant residents.

Honda Lock was originally a joint venture between Honda Lock Mfg. Co., Ltd. (established in 1962 in Japan) and a local metalwork company with a government background; each owned 50% of its assets. Since 2002, the Chinese stockholders changed to the Xiaolan Town Industry Corporation, a COE affiliated with the Xiaolan township government. The Chinese part-shared 35% of the stockholding and the Japanese enterprise owned a majority of 65%. The Honda headquarters in Japan had a good relationship with the Party secretary in the town.

³⁴⁹ The discourses of post-strike reform in all cases will be developed in the final chapter.

³⁵⁰ The ‘large scale enterprise’ refers to the business with an average annual revenue amounting to 20 million RMB from its prime operation.

³⁵¹ Interview, Ms F, member of Xiaolan Town CCP Committee, Zhongshan city, 19th November 2010.

Honda Lock manufactured lock assemblies, rear-view mirrors, door handles and key sets for automobiles and motorcycles for auto assembly plants across Guangdong Province.³⁵² The numbers of frontline operators in Honda Lock was about 1300 by 2010, out of a total of 1,500 workers. 60% were female workers. Only some 200 were local workers, the great majority were migrants. A minority of the workforce were ‘aging workers’, in their 30s, most of whom had married. It was commonplace that the aging workers had worked in the company for several years, and had been promoted to a second or third level of the operator grade. A number of ‘aging workers’ were the main force in initiating the strike.

The basic wage in Honda Lock was 960 Yuan per month, equaling the minimum wage established by local wage regulation. There was not any formal wage increase mechanism in the company. In 2010 the increase of the monthly wage was only 20 Yuan. Honda Lock adopted a 3-shift production schedule, each shift worked for 8 hours. Because there was little overtime work, the average monthly income of operators was as low as 1100 Yuan. Labour management at the workplace was strict. According to the media, ‘...(workers) are forced to stand for eight hours, with pregnant women allowed to sit only in their last trimester. Workers are not allowed to speak to one another, have to obtain passes before going to toilet, and are strictly monitored by management even when getting a drink of water.’³⁵³ The company did not provide workers with dormitories, but provided an allowance for food and housing of 300 Yuan a month. Despite the oppressive conditions, large scale recruitment had always been attractive among low skilled workers. Since early June of 2010, as a result of production disruption caused by the Honda Nanhai strike, Honda Lock company resorted to substantial overtime work to make up the lost hours, without overtime compensation.³⁵⁴

³⁵² The four Honda partially owned automobile manufacturers were Guangzhou (Guangqi) Honda Automobile, Wuyang-Honda Motors, Dongfeng Honda Automobile (DHAC), and Honda-sundiro Motorcycle.

³⁵³ World Socialist Web Site, *China: Honda Lock strike continues*, 15 June 2010, online, <http://www.wsws.org/en/articles/2010/06/chin-j15.html> (accessed 14/03/21).

³⁵⁴ Worker Freedom, *Workers’ autonomy strikes in China – Mouvement Communiste – Part 1*, 26 July 2011, online, <http://news.infoshop.org/article.php?story=20110726084431354> (accessed 14/03/21).

The deputy general manager who was also the managing director took the position of the Honda Lock union president. He was the representative of the Chinese company and had a close relationship with the local government.³⁵⁵ The vice president was also a senior Chinese manager.

5.32 The Course of the Strike

Starting up

Six workers in the Painting Division initiated the strike in the week following the end of the Honda Nanhai strike. Liu (34 years old) was one of the key leaders. Two days before the strike, they attempted to persuade a supervisor to transmit their demands for a pay rise to managers at higher levels, but the supervisor refused to do so as he believed they ‘were making trouble’.³⁵⁶

On the night shift on 9th June, a small-scale strike took place in the Painting Division. Next morning, a security guard insulted an operator in the Resin Division. Leaders took advantage of workers’ irritation and mobilized them to strike in these two divisions. Workers stopped work and rushed outside. Some were locked by the managers in the dressing room. Workers broke through the restraint, they tapped at the windows and the doors of workshops one after another, shouted ‘Stop!’ ‘All Chinese out!’ ‘If you want such little money, you work and be a Japanese lackey!’ In the end some 600 workers went out of the workshop.

Impasses and two negotiations

Within an hour after the incident, local government officials went to the company. One labour bureau official announced to the workers that the company had neither broken the law nor breached the labour contract. Then he persuaded workers to go back to work. Two managers from the Personnel Department came out and persuaded workers to go back to work. But workers insisted that the general manager should

³⁵⁵ In China it is common place in SOE and COEs that the union president is the enterprise party secretary, who normally takes the office of the general manager. And (s)he was the representative of the government.

³⁵⁶ Zhu, Y. X. *Interviewing Liu Shengqi, the leader of Xiaolan Honda workers’ movement*, 27 June 2010, online, <http://www.wywxwk.com/Article/shidai/2010/12/156103.html> (accessed 14/03/21). In Chinese.

come out and talk to them. At the same time, police lines had been arranged to separate workers and the journalists.³⁵⁷

Some strike leaders voluntarily negotiated with the manager, at a meeting with the local authority, including the town labour bureau and XLTU president. Worker representatives put forward the workers' demands, including an increase of the basic wage from 930 Yuan to 1600 Yuan, double wages for overtime compensation as stated in law, the reform of the workplace union, and no retaliation against strike participants after the strike.

The manager refused to follow Honda (Nanhai), because Honda Lock was an independent company from Honda (Nanhai). The Japanese manager insisted they did not break the law, and recalled that in the 2009 economic crisis, they neither fired workers nor reduced wages. In addition, they had already adjusted their basic wage this year. The company only agreed to offer no more than an increase of 100 Yuan in the workers' monthly housing allowance. The government then negotiated directly with the management in the headquarters in Japan. The Japanese managers of the China factory were then requested by the parent company to 'respect the local government'. On Friday, the subsidiary provided a pay rise of 200 Yuan, made up of 100 Yuan for the basic wage and 100 Yuan as a subsidy.

Workers did not accept the offer but they underwent increasing pressure from both the managers and the government. The managers had a 'take it or leave it' attitude and forced the workers to sign a document of acceptance of the wage rise and make a commitment not to strike. They warned workers of 'serious consequences' if they continued striking, and they photographed leaders in the march. Plain-clothes surveillance was increasing amid the workers, and workers' phone calls and internet chat rooms were monitored. Workers also received leaflets describing the strike as illegal and warning of jail terms of up to five years. There were patrol boats in the drainage channel in the front of the factory.³⁵⁸ At the end of the second day, the mayor

³⁵⁷ Caijing.com, *The Third Stoppage in Honda Resolved*, 21st June 2010, online, <http://www.caijing.com.cn/2010-06-21/110464383.html> (accessed 14/03/21). In Chinese.

³⁵⁸ Worker Freedom, *Workers' autonomy strikes in China – Mouvement Communiste – Part 1*, 26 July 2011, online, <http://news.infoshop.org/article.php?story=20110726084431354>

of the town, the deputy general manager, and other company managers secretly met the leaders and some active strikers. The authority requested them to ‘persuade others to resume the work’, not contact the media, and identify other leaders. In addition, the key leader Liu was invited to a meal where a manager and a lawyer from another factory offered him a managerial position in their factory, for which his salary would be paid in advance. The leader was scared by the fact that ‘these people knew my conversations through my private cell phone’.³⁵⁹ He rejected all such requests and went into hiding with his family members in the early morning. Other leaders decided to not hold any negotiation because it was ‘physically dangerous for all of the representatives to gather in one place with management and the authorities.’³⁶⁰

In the absence of explicit leadership, on Friday the workers held a march. They chanted slogans as they walked down the main road, blocking the road into the small industrial zone. They confronted the riot police who sealed off the road and surrounded the protesters for nearly two hours. The police marched off at midmorning and workers continued the demonstration.³⁶¹

Over the weekend, the company began to recruit temporary workers. For this recruitment, the company offered a monthly wage as high as 2,000 Yuan a month. The information was delivered through television and employment agents, which attracted ‘a flood of younger job seekers’.³⁶² Riot police protected the recruitment tent outside the factory. The company also announced that both the replacement workers and returning employees would receive 11 per cent higher pay and a 33 per cent rise

(accessed 14/03/21); Zhu, Y. X., *Interviewing Liu Shengqi, the leader of Xiaolan Honda workers’ movement*, 27 June 2010, online, <http://www.wywxwk.com/Article/shidai/2010/12/156103.html> (accessed 14/03/21); and Wang, J. H. (2011), ‘Internet Mobilizing and Worker Collective Resistance at OEM Factories’, in *Open Times*, 2011(11). The latter two were in Chinese.

³⁵⁹ Zhu, Y. X., *Interviewing Liu Shengqi, the leader of Xiaolan Honda workers’ movement*, 27 June 2010, online, <http://www.wywxwk.com/Article/shidai/2010/12/156103.html> (accessed 14/03/21). In Chinese.

³⁶⁰ The New York Times, *A Labor Movement Stirs in China*, 10 June 2010, online, <http://www.nytimes.com/2010/06/11/business/global/11strike.html?pagewanted=2> (accessed 14/03/21).

³⁶¹ Worker Freedom, *Workers’ autonomy strikes in China – Mouvement Communiste – Part 1*, 26 July 2011, online, <http://news.infoshop.org/article.php?story=20110726084431354> (accessed 14/03/21).

³⁶² Chan, J. *China: Honda Lock strike continues*, World Socialist Web Site, 15 June 2010, online, <http://www.wsws.org/en/articles/2010/06/chin-j15.html> (accessed 14/03/21).

in allowances for food and housing.³⁶³ On the Sunday, a sign at the factory gate said that ‘from last Wednesday through to Saturday, the days when the factory was closed because of the strike, would be counted as paid work days.’ And double pay for hours worked on Sunday, Monday and Tuesday would also be paid to make up the lost hours in the strike.³⁶⁴

At the same time, the second bargaining meeting took place between the union president and the Japanese managers on Sunday. The day before, the union had organised workers to collect demands and to elect representatives in each division. There were more than one hundred separate demands, concerning the wage increase mechanism, housing subsidy, conditions in the dining hall, social insurance fees, among other issues. Between 10 and 20 workers were then elected to participate in the bargaining, with the signed agreement of workers in the division. But according to workers, supervisors nominated many of these workers’ representatives.

This bargaining meeting was more symbolic with the primary aim to get workers back to work. Before the bargain, they had achieved consensus among the Chinese. In the meeting, the China side asked for 600 Yuan, while the company gave 100 Yuan, then the China side indicated 300 Yuan would be acceptable. The bargaining went smoothly and achieved agreement in half an hour.

Workers were called on to stay at the company during the bargaining process; but when workers re-entered the plant, they were ordered by their supervisors to change their working clothes and resume the work. A number of workers immediately left the workshop.

After the agreement came out, workers turned it down and continued to stage demonstrations in and out of the factory. Some rushed the police outside the factory

³⁶³ The New York Times, *With Concessions, Honda Strike Fizzles in China*, 13 June 2010, online, http://www.nytimes.com/2010/06/14/business/global/14strike.html?pagewanted=all&_r=0 (accessed 14/03/21).

³⁶⁴ The New York Times, *With Concessions, Honda Strike Fizzles in China*, 13 June 2010, online, http://www.nytimes.com/2010/06/14/business/global/14strike.html?pagewanted=all&_r=0 (accessed 14/03/21).

gate. The police armed with shields to force back the crowd.³⁶⁵ Inside the factory, in some sections workers sat in their seats but refused to work. It was said only a few dozen frontline workers resumed work, and there were also managers who ‘turned on machines to give the impression that the factory was operating’.

The third negotiation

After midday on Tuesday, Zeng arrived at the factory. He met workers and introduced himself as the ‘representative of the National People’s Congress’. He asked workers to trust him, that he would negotiate with the management, and would tell the workers the outcome in 3 days. But during these 3 days, workers should resume their work. Zeng also made decisions to meet workers’ demands, first, double rates of pay for the three days of resumed work; second, a minimum basic pay rise of 200 Yuan; third, no retaliation against strike participants.³⁶⁶ Most strikers accepted Zeng’s suggestions and returned to work. And the workers elected their representatives.

*“Before Zeng’s arrival, no one resumed work, because the management, unlike Zeng, did not give us a clear answer. They always said ‘well, we have to think about it, you shall wait for our reply.’ While Zeng came to us, he said, ‘you will get this level of pay rise at least’ or ‘if your boss ate his words, I will give you the money.’ That is the answer (we hoped for), the clear answer.”*³⁶⁷

In the final bargaining meeting, however, the workers confronting the company were in a disadvantageous position. The final agreement was that wages would be increased to 280 Yuan, this included 200 Yuan for basic wages and 80 Yuan for subsidies.

“We did not know how to express it. In the bargaining, a manager asked us ‘why have you requested such a great amount’, and ‘how high is the inflation’, we had no idea about how to answer. At last, when the company asked us about our opinions over its

³⁶⁵ Caijing.com, *The Third Stoppage in Honda Resolved*, 21st June 2010, online, <http://www.caijing.com.cn/2010-06-21/110464383.html> (accessed 14/03/21). In Chinese.

³⁶⁶ Caijing.com, *The Third Stoppage in Honda Resolved*, 21st June 2010, online, <http://www.caijing.com.cn/2010-06-21/110464383.html> (accessed 14/03/21); and Wang, J. H. (2011), ‘Internet: the mobilization medium for new workers’ collective protest’ in *Open Times*, (2011) 11. Both in Chinese.

³⁶⁷ Interview, worker 4, Honda Lock, conducted by Wang, J. H., 20th January, 2011.

*offer of a mere 250 Yuan pay rise, everyone kept silent. Then a girl stood up and pounded the table 'what does that mean? You did not make any concession! ...you shall give 280 Yuan!' Then the company offered 30 Yuan more...*³⁶⁸

In resuming production, workers were monitored by supervisors, and by managers as well as the government officials at the workshops, and they were not allowed to talk in groups. The strike then ended.

5.33 Activities of the Actors

Workers

Like their counterparts in Honda Nanhai, workers demanded better conditions, superior to statutory minima, and a sustainable mechanism for wage increases. The strike was originally planned for the next month. But it was felt that the workers 'could not wait till that day' because the Honda Nanhai strike encouraged workers.³⁶⁹ According to Honda Lock's official announcement, 85 per cent of the plant's 1,400 workers had joined the action.³⁷⁰

The strike was designed to be held firstly in the painting department as the 'best leverage' as it 'takes time to cultivate a lacquer'.³⁷¹ Protesters adopted a strategy of 'non-violence'. Strikers built a consensus for a peaceful strike with 'no fighting, no destroying, no going out to the street'.³⁷² Apart from a single protest march on the main road, when workers were confident in doing this,³⁷³ all other marches and demonstrations were staged inside the factory or near the factory gate. It was also a

³⁶⁸ Interview, worker 3, Honda Lock, conducted by Wang J. H., 23rd January, 2011.

³⁶⁹ Zhu, Y. X., *Interviewing Liu Shengqi, the leader of Xiaolan Honda workers' movement*, 27 June 2010, online, <http://www.wyzxwk.com/Article/shidai/2010/12/156103.html> (accessed 14/03/21). Also see Wang, J. H. (2011), 'Internet: the mobilization medium for new workers' collective protest' in *Open Times*, (2011) 11. In Chinese.

³⁷⁰ *UTSanDiego Strikes put China on spot over labor unrest*, 10 June 2010, online, <http://www.utsandiego.com/news/2010/Jun/10/strikes-put-china-on-spot-over-labor-unrest/> (accessed 14/03/21).

³⁷¹ Zhu, Y. X. *Interviewing Liu Shengqi, the leader of Xiaolan Honda workers' movement*, 27 June 2010, online, <http://www.wyzxwk.com/Article/shidai/2010/12/156103.html> (accessed 14/03/21). In Chinese.

³⁷² Interview, worker 1, Honda Lock, conducted by Wang, J. H., 21st January, 2011.

³⁷³ *The New York Times A Labor Movement Stirs in China* 10 June 2010, online, <http://www.nytimes.com/2010/06/11/business/global/11strike.html?pagewanted=2> (accessed 14/03/21).

sign of good organisation that they recommended that their own representatives should negotiate with the management. A government official recalled of the first negotiation meeting that, 'the atmosphere was good. Young workers talked about their demands rationally and peacefully.'³⁷⁴ The publicity given to the workers' representatives led to government suppression of the leadership. But the rest remained committed to the strike for another five days, despite considerable pressure from the authorities.

Most of the workers were unskilled, having qualifications no higher than junior high school. By contrast, the operators in Honda Nanhai were generally trained in the technical colleges in subjects like mechanical engineering.³⁷⁵ During the strike, the leading group insisted on the 'same wage level as Nanhai Honda workers'.³⁷⁶ However, their high expectations served to widen the gap between groups of workers, because the wage increases offered were more attractive for older workers. During the strike, they were more distracted by their family obligations, the threats from the management and the government, and their difficulties in finding a new job in the local labour market.

A certain proportion of workers, especially the older workers, went back to work after the recruitment campaign started. The strike then fell apart. Although the remainder persisted, their weakness of lacking experience in collective bargaining failed to push the management to make more concessions. From another perspective, the bargaining itself was a successful achievement of the workers in the strike, as the authorities made concessions.

Government

³⁷⁴ Interview, Ms F, member of CCP Committee in Xiaolan Town, 19th November 2010.

³⁷⁵ The New York Times *A Labor Movement Stirs in China* 10 June 2010, online, <http://www.nytimes.com/2010/06/11/business/global/11strike.html?pagewanted=2> (accessed 14/03/21).

³⁷⁶ Worker Freedom, *Workers' autonomy strikes in China – Mouvement Communiste – Part 1*, 26 July 2011, online, <http://news.infoshop.org/article.php?story=20110726084431354>; and Zhu, Y. X. *Interviewing Liu Shengqi, the leader of Xiaolan Honda workers' movement*, 27 June 2010, online, <http://www.wywxwk.com/Article/shidai/2010/12/156103.html> (both accessed 14/03/21). In Chinese.

The political atmosphere was by and large conservative. The government played a dominant role in leading both sides to reach agreement. It had in anticipation its well-thought-out plan for the pay rise in the settlement.

“We provided them with upper and lower limits of the pay rise between 100 Yuan to 200 Yuan. This will resolve the problem. And we also suggested the company to give workers a bit more of a chance to get promoted.”³⁷⁷

An important consideration was to avoid Honda Lock from having a demonstration effect for workers in other factories. And the government was afraid that the pay rise in Honda Lock might be a motivation for local companies to raise their wage levels, thereby increasing the overall local labour costs. Other reasons included the government’s partial ownership of the company assets and the company’s major contribution to the local economy.

Yet it deserves mention that the authorities had the directive of not politicising the conflict, thus the police force avoided overt conflict with the protesters by confining itself to the outside of the factory.

Management

Poor management was the trigger of the strike. Honda Lock’s disadvantageous working and living conditions, compared with other enterprises nearby, made workers less reluctant to lose their jobs in the strike, as ‘work is everywhere, only if you do not want it’.³⁷⁸ At the beginning the Japanese managers held a hardline attitude, which was softened by the prolonged strike. But further concessions were opposed by the government. By virtue of its administrative and policing resources, the government worked with the company to impose pressure on workers to go back to work.

Trade unions

The trade unions played an invisible role in the resolution. During the strike, a communication channel between the workers and the authorities was lacking.

³⁷⁷ Interview, Ms F, member of Xiaolan Town CCP Committee, Zhongshan city, 19th November 2010.

³⁷⁸ Interview, worker 4, Honda Lock, conducted by Wang J. H., 23rd January, 2011.

The workplace union did not separate itself from management sufficiently owing to the workplace union president's primary identity as a high-profile manager, and some of the mid- and high-level managers were organised by the president to resume production. The workplace trade union president was absent in a number of the government meetings with worker activists. It was reported the union president had negotiated with workers on Monday, but the 'negotiation was not successful'.

This is the reason for the higher level trade union's reluctance to play its role. The XLTU was a part of the government strike settlement team. The higher level trade union may have successfully fulfilled its established role of communicating with workers if it had the confidence in controlling the situation. But this was very unrealistic in this case because the workplace trade union cannot form a channel to contact workers. As the tensions between the workers and the authorities had increased, the pressure mounted on the local union president to adopt a cautious approach as the 'lesser of two evils', and had hidden behind the government throughout the whole strike resolution.

*"We hoped the workers would send their representatives and make clear their demands. Then the trade union and the labour bureau would, together with them, negotiate with the management. But the workplace union president thought it was 'improper for him to get involved in the dispute, because of his managerial background', so the question became how to form a workers' representative mechanism."*³⁷⁹

Thus when workers participated in the third stage of bargaining, there did not exist any basis for the workers and the trade unions to trust each other. Workers did not ask the union to represent them in the bargaining, and the unions did not have any intention to do so. In the bargaining, it kept silent in the presence of workers' frantic efforts.

³⁷⁹ Interview, Mr L, president of Xiaolan Town Federation of Trade Unions, 19th November 2010.

5.34 Summary

The resolution of the strike in the Honda Lock case was essentially through a unitary approach. The government dominated and restrained both the management and the workers from acting in their own interest. During the whole process, the government and management response to the strike was a one-off reaction to settle a particular crisis, although they confronted persistent and organised workers' protests.

The unions' dependence upon the management and the government prevented the trade unions from being an effective communication channel. The local political atmosphere of tight control over the XLTU may reflect the greater imbalance of power relationships between the township trade union and the government. It may be presumed that, to impel agreement between the workers and management, the absence of any communication channel between strikers and the authorities may motivate the government to use the state apparatus and consequent harsh suppression.

The deteriorating relationships between the authorities and the workers prevented the creation of any elements of an enduring pluralist institution that could take routine account of workers' needs and aspirations. In addition, the harsh approach of the government reflected the overall political culture in Xiaolan Town, reflecting a dictatorial approach to the reforms of both the trade union and the management. These negative elements in the improvement of worker-union relations were demonstrated in the reforms after the strike that will be discussed in the next chapter.

5.4 Denso

5.41 Background

The Denso (Guangzhou Nansha) Co., Ltd. is one of Denso's 24 factories located in China. It is located at Huangge International Auto Industry Zone in Nansha administration district, affiliated to Guangzhou City. Established in July 2004, Nansha Denso supplies fuel injectors and fuel injection pumps for gasoline engines to Guangzhou Toyota and other Japan-based automotive manufactures across China. By 2011, there were around 1300 employees including 200 intern students. The 26

Japanese managers were all positioned above the level of section chief.³⁸⁰ In recent years, its net sales increased by 12% every year.

The basic wage in 2010 amounted to 1310 Yuan, increased by less than 10%; while the 2010 minimum wage in Nansha district rose to 920 Yuan, a 19.5% increase. On average, the weekly overtime was 60 hours, which was at a relatively low level among companies in the industrial zone, and the income of operators was around 2000 Yuan. After deducting the insurance fee, the remained was around 1300 Yuan. There was a clear wage gap between the Japanese and Chinese. Salaries of the Japanese managers at department level were 15 times higher than the Chinese managers. Between the Chinese manager and workers, the monthly wage of operators with 60 hours overtime per week was about 1/3 of the amount a section chief earned before tax.³⁸¹ At the end of 2009 the company issued new wage policy, which increased the pay gap between the operators and the middle- and higher managers.

At the end of 2005, the chief personnel manager (at the time) initiated the setting up of a workplace trade union. To the Japanese managers, the personnel manager explained that the Chinese trade union and company were like ‘two wheels of the vehicle’ ‘to go forward together with each other’.

*“The trade union, though functioning to represent workers’ interest, can be beneficial to the development of the company. It is legally required for the company to pass its employment regulations with the approval of employees’ representatives or the trade union. Because the company had only been established for a year, it was important for it to normalise its operation. Hence it would be convenient for the company if there was a union. And so long as the union can be professional and rational, it is easier for the company to consult and co-operate with it.”*³⁸²

The personnel manager contacted the directly superior organisation of Denso trade union, Huangge Town trade union, and got the approval from the latter. The number of workers in Denso by the time amounted to 300-400, and the law regulates the

³⁸⁰ The management hierarchy in Denso was, in order, general manager, department managers, section manager, subsection manager, squad chief, group chief, operator.

³⁸¹ The higher-level managers do not have the overtime wage.

³⁸² Interview, Mr Z, vice-president of workplace trade union, Denso, 19th May 2011.

workplace union should be established when workforce reaches 200. And the town union supported the manager's initiation of union establishment because it helped them to achieve the quotas assigned to be fulfilled.

A preparatory committee was then established under the supervision of the personnel manager. The General Affairs Department was in charge of the preparatory committee. The preparatory committee consisted of nine members recommended by the department. The majority were rank-and-file workers or low-profile managers. Most of the preparatory committee members, particularly the rank-and-file workers had little knowledge about unions. The personnel manager provided several training sessions to the committee members.

*"Some of us knew nothing about the union. In the training session, the chief personnel manager told us the union worked for worker's welfare, it benefited workers' interests. If we [workers] had problems, we can talk to the union. The union can affect the company."*³⁸³

In nominating the candidates, the preparatory committee decided on a self-appointment method. As a result, nine people put themselves forward as candidates; the majority of them came from the preparatory committee. The General Affairs Department tried to recommend one of the staff to participate in the election, it was rejected by the committee on the grounds that the nine self-appointed candidates had filled all the candidate places, and candidates should come from the rank-and-file.

These candidates gave speeches at introduction meetings. Their curricula vitae were shown to all company members. Each worker voted for union committee members by selecting their preferred candidates from a list of all candidates. Votes were counted publicly. Seven union committee members and two union audit committee members were elected. In this sense, the election was a single-candidate election. The president and vice president were elected by the newly established committee, being required to muster more than half the votes.

³⁸³ Interview, Ms G, member of union preparatory committees and union cell group leader, Denso, 12th May 2011.

In the second union election in January 2009, Mr K, a chief manager in production, was elected to be the new union president. And Mr Z, the legal consultant in the personnel department, became the vice president. Other positions on the union committee were taken up by eight new faces, comprised of three subsection chiefs, and five foremen of a squad or a group. Members of the new union committee were by and large at a middle-level in the company's management structure. The union administrative secretary retained her position in the second union committee.

5.42 The Course of the Strike

Causes of the strike

There was a shifting personnel environment in the plant at the end of 2009. The old Japanese CEO left Denso; he was in his 60s with a moderate character. His successor was deployed from one of Denso's northern plants in Yantai, Shandong Province. Unlike his predecessor, the new CEO was not approachable for either managers or workers. He was appraised to be 'stiff' and 'lacked humanity and caring'. After the new manager was in the office, the focus of management became more inclined towards production and finance, while less concerned with the personnel relations of the plant and workers' welfare.

In April 2010, among all the 13 factories related to the Toyota companies in the area, the wage level in Denso ranked as 6th. In May and June, when new wage rates were published for Japanese companies, the wage level in Denso had fallen to the bottom. In addition, in the new wage plan in 2010, a work assessment test was introduced as a decisive factor in workers' year-end bonus. Promotion of low and middle level managers was also restricted, whereas the promotion had previously been a significant way for workers and low level managers to increase their income.

In a regular collective negotiation two months before the strike, the union put forward eight demands, including a 100 RMB increment of the basic monthly wage, installing air-conditioning at the dormitory, and providing meals for overtime workers. Apart from resolving the meal demand, the company did not make any concession.

The mobilisation

The Denso strike occurred right after Honda Nanhai workers ended their strike and came to an agreement with Honda, and after Foxconn encountered its twelfth suicide. These events inspired unrest at the workplace in Denso. The information about the Honda and other strikes spread across the company. On the Company toilet walls, workers wrote down the achievements of other strikes. In May, the monthly turnover rate reached 34%, equivalent to the total of the previous year. It was reported that there was a single day when twenty workers resigned.³⁸⁴

The strike was initiated in a training session provided by the company. Fourteen leaders attended a one-month training course. Two of them were squad chiefs, who were the course trainers. The rest were group chiefs. Ten of them were in production sections. Some of the chiefs did not know the others before the course. The course began at the time when the new policy was implemented and workers got their wages. In spare time, these leaders developed their grievance about the company wage and welfare policy. Then the idea of a strike came up.

The leaders used their networks with their own crews and with other group leaders. They gathered over several dinners to discuss the details. To one of the meals, they invited all group leaders and some operators. But less than half of those whom they invited showed up, and some kept silent during the meal. The core group confirmed the timing, strategy and some other details of the strike. All group leaders were asked to pass on the strike plan to their roommates and their own crews.

One day before the strike, a mass gathering was arranged to inform workers of the plan. It was in a commercial street near the company dormitory buildings. A 'Letter to Denso Workers' was delivered to the masses. In the letter, workers' demands were:

1. the wage should be increased by 800 Yuan;
2. there should be payment during the strike;
3. strikers shall not be dismissed;
4. workers should be allowed to re-organise the union, and elect the president;

³⁸⁴ Economic Observer, *A 72-hour Stoppage Incident in Guangzhou Denso*, 25th June 2010, online, <http://www.eeo.com.cn/eeo/jjgcb/2010/06/28/173788.shtml> (assessed 13/11/21). In Chinese.

5. the company should rewrite the labour contract with workers.

At the end of the letter, it emphasised that, 'All workers shall strike until the company accepts our demands.' The letter asked workers to gather outside the plant after clocking in. It also warned those 'crossing the picketing line', that they 'may suffer needless loss because of our aggressive behaviour brought about by our gathering.' The gathering lasted for about an hour. The number of workers who participated was around two or three hundred. Organisers had planned that the strikers should keep silent for seven days, to ensure that the pressure imposed on the company was sufficient. At the same time, the company was immediately informed about the gathering. That night, it delivered about one third of the completed product it had in store.

The strike started as scheduled in the morning. Workers stayed in the canteen. The organisers went to the mess and told the workers to follow them out of the plant. Workers began to move, operators went first, followed by the squad chiefs. After they had left the plant, workers gathered on the company campus. Staff workers in the administration and personnel department did not leave their office upstairs at the time.

The Japanese manager appeared an hour after the start of the strike and made a speech to the workers. He agreed to raise the wage by 450 RMB, and he gave workers five minutes to respond. A few minutes later, when the manager asked, 'who does not agree?', no one answered him. When the company tried to get the products shipped out, strikers went to obstruct the entrance of the shipping port. They blocked off the delivery trucks and lay under the trucks. Most of the mid-level managers such as the squad chiefs did not get involved in the operators' actions. But some covertly supported strikers, 'do what you will do, I had the order from above (to resume the production), but I will not stop you.'

The involvement of the trade unions

After the outbreak of the strike, the company informed the local economic and trade commission, the latter then reported to the local government. The news of the strike was transmitted within the system for the maintenance of social stability (MSS). Several hours later, the government had a meeting to discuss the resolution of the

dispute. The district union president Liang was called by a high-profile government official to go to the meeting. The workplace union president was also called to the meeting to make a briefing about the situation. The president of Nansha District Trade Union (NSDU), Ms L went to resolve the dispute voluntarily. But normally it was the duty of Huangge town trade union, rather than the NSDU's.

After Ms L arrived at Denso, she asked eleven union committee members to go to the workers to collect their demands and elect their representatives. But the workers all kept silent at that time. Later in the afternoon, Ms L found the two key organisers, and asked them out to a teahouse. She promised to them that there would be no officials from the government other than trade union officials. Two district union officials and two Denso union presidents attended the meeting. To ease the atmosphere, the union told the two strike organisers that they would not be regarded as 'the leaders', but merely 'the advocates'. The union told the organisers that obstruction of the company's delivery will break the law. And it also told the organisers that collective bargaining could resolve the dispute, so it wanted the squad chiefs to tell workers to elect their representatives for the negotiation. In addition, the union suggested that the organisers should 'volunteer' to be candidates in the representative election which would be held on the second day. The two organisers agreed. On the second day the workplace union organised a meeting to elect the workers' representatives. But the squad leaders did not 'voluntarily' step out. They explained to the union afterwards, 'it was not the right time. If I dared to step out at that time, we would be eaten by those workers.'

Informed of the union meeting with the two organisers, the security bureau required the union to 'bring the organisers to the police station'. But this was refused by Ms L, because 'the union had made an effort to build up this relationship, which should not be destroyed'.³⁸⁵ After workers blocked the company delivery department, the Japanese manager called the police. Ms L called the vice chairman of the district government saying 'we should not let police enter.' Then the vice chairman told the police chief to not send in the police without the trade union's approval.

³⁸⁵ Interview, Ms L, president of NSDU, Guangzhou city, 12th August 2010.

The turning point of the bargaining

At the same time, the union members collected workers' demands, and persuaded workers to elect their bargaining representatives. All the union committee members went to individual workers and inquired about their demands. As suggested by the district union president, the union committee members told workers they were 'representatives of workers' interests'. They told workers, they understood why the workers took such an action, but to resolve the problem, negotiation would be more effective than the strike. A ballot box for anonymous demands was put outside the union office by the union. After collecting workers' notes, three union officials, in the presence of all, wrote down these demands one by one. By the end of the second day, the trade union had collected 623 demands from the workers. These demands were then summarised by the union into 5 categories, and 220 items, and the union then proposed a written claim, including a 800 Yuan wage increase.

In the afternoon of the second day, vice union president Mr Z called on all the group leaders to meet him. He called them one by one. More than a dozen group leaders attended. The meeting lasted more than one hour. The efforts of the union had a growing effect on the workers, and alleviated the relations between the union and group leaders to some extent.

*"I sat with these group leaders in a circle, bringing us close to each other. Firstly, I told them, 'I am not the company's representative, if I were, I would not talk to you about this. I merely represent the union'. I then listened to their opinions patiently, and sometimes, I told them, 'I agree with you'. After that, I said, 'what can we do? We have to resolve it somehow. Now is the time to bargain as we've imposed enough pressure on the company. Firstly they did not accept my points. But I kept talking patiently, and I answered questions they raised, from the legal perspective or from my own understanding. Firstly they were irrational, but at the end some bought me drinks.'"*³⁸⁶

³⁸⁶ Interview, Mr Z, vice president of workplace trade union, Denso, 10th May 2011.

Another key figure in the resolution was Zeng, the general manager of Guangzhou Auto Industry Group Co., Ltd – one of Denso’s major clients. He was also the third part in previous Honda cases; while in Denso, he mainly worked on the management side. Zeng worked closely with the union, and provided it with guidance and a variety of government support and resources. He went to the company with his business team, putting pressure on the Denso managers, and urged them to make concessions. He called a meeting including managers above the squad level, in which managers were told that bargaining representatives must be elected, ‘which was an order from the government’.

On the third day, majority of workers came back and stayed at the production section, though they did not work. Each squad in the production section received an election form to elect the workers’ representatives. Almost all squad chiefs were recommended by their crews. These squad chiefs made up half of the delegation team, the rest were operators, group chiefs and section chiefs that were one grade higher than the squad chiefs.

In the bargaining meeting, the union president was the chief bargaining representative. 27 worker representatives were present in the bargaining meetings as bystanders. In the meeting, Zeng promised a ‘satisfactory result’ to the bargaining, which would be announced in three days on 25th June, but only if workers went back to work first. Although without any concrete agreement yet emerging, a majority of the representatives accepted the company’s suggestion.³⁸⁷

Workers in the production section were called in from outside, because ‘the result has been revealed.’ Squad chiefs in the production section were requested by the section and department head to organise workers to resume production. The delivery section and production section I which was in charge of the union president Mr K were the first places which restored production. In a few days, all production on all lines was resumed but at a slow pace of working.

³⁸⁷ In a union internal bulletin in Guangdong, Zeng Qinghong stated ‘getting workers sitting at their seats’ was imperative in ‘getting them back to production’. See GDPU Office, *Work Bulletin of Experiences Collection of Guangzhou Trade Unions at Different Levels in Dealing with Workers’ Stoppage Incidents*, 2nd Nov 2010. In Chinese.

On the third day, workers re-elected 26 of their members as their representatives. Union president Mr K and four delegates were the principal bargaining representatives. 21 workers' representatives were bystanders sitting in the back. The bargaining lasted several hours. The managers were asked to leave several times, so that workers' delegates could discuss their plans. Eventually, in the agreement that was reached, the basic wage rose by 450 RMB. The total increase including the basic wage, the welfare, and the bonus amounted to 800 RMB.

5.43 Activities of the Actors

Workers

Denso workers, like their counterparts in Honda Nanhai and Honda Lock, requested 'a share of the company profit'. Another common feature is that they paid particular concern to the low income groups. The organisers had discussed the details after their training session. In their plan, under which the lowest grade 'should benefit most', the percentage of the wage increase would decrease with the rising grade. The pay increase for the operator was 40%, for the group leader was 25-30%, and for the squad leaders was 15%. The primary aim was to ensure the operators 'can deposit several hundred RMB every month.' But for some reason, the final demand was changed to a '800 RMB increase for all'. This was 1.5 times the increase in the original plan. Workers' actions were highly disciplined by making consensus that no one should work, or negotiate with the company or be represented by others to negotiate.

"When I was collecting the workers' demands, there existed 'another voice', obstructing the union's investigation. It was troublesome, like an 'invisible man', I don't know who was there, but I could feel some eyes fixed on me. When I was writing something, I heard a voice saying, 'why you write this?' I looked back, but did not see who was saying that to me. Someone questioned my collecting of the demands; I thought I may have seen that guy before, but I cannot tell which section he belonged to and what his name is. When I was about to submit the demands to the union president, there came two guys asking me what I wrote, and questioning 'can you

represent the mass?’ I told them I was the squad head, so I was able to represent my line.”³⁸⁸

Although the strike was ignited successfully, the follow-up was inadequate. When workers blocked the shipping exit, the leaders consulted with their lawyer friends, and were told that blocking the shipping exit may violate the law. Leaders then asked workers to not block the private cars or trucks not in the shipping, they should only block the shipping trucks. Yet their request were questioned by workers ‘why do you stop me!?’ One organiser commented on this, ‘they got totally absorbed into the situation, and we were not able to bring them back.’ And the union’s consistent efforts to push workers into negotiation hastened the collapse of the strike alliance,

“Among hundreds of people, there must be some whose mind was not very firm. You have got to grasp the chance to talk to them, individually and intensively. When they did not reject you, even if they might not agree with you, it was actually a sign of approval on some points.”³⁸⁹

The gap between the leadership and the masses over the intention of continuing the strike increased over time. Some found the strike ‘difficult – not as interesting as we thought.’ And there was a growing feeling that ‘we need a result’ among workers, which contrasted with the original strategy of ‘strike till the company accepts all demands’.

“Some days later, the union asked union cell group leaders to collect our demands. Merely complaining is useless, we have to resolve it. The strike cannot last forever.”³⁹⁰

“Why were we elected the representatives? I don’t know either. There were pressures on us from the trade union, the manager, and Zeng. They told us it was the time to

³⁸⁸ Interview, Mr T, squad chief and union committee member, Denso, 13th May 2011.

³⁸⁹ Interview Mr Z, vice president of workplace trade union, Denso, 19th May 2011.

³⁹⁰ Interview, Ms G, member of union preparatory committees and union cell group leader, Denso, 12th May 2011.

bargain. Also there had been a consensus among workers that ‘(we shall) resolve the problem’.”³⁹¹

Meanwhile, over the course of time, strike leaders had been exposed to the process of the strike. In the half hour after the strike started, one of the leaders was warned by union president Mr K that, ‘I know all of you who gathered for the (planning) dinner.’ At the same time, the leaders had been under pressure from their families. ‘My wife knew my (straight) character. And she told me to not be the leader, but to follow others.’ Another one confronted opposition from his family, who afterwards ‘became silent for the most of the time’.

On the second day, a leader, when ‘about to discuss our next step with the other two leaders’, was told ‘you don’t know we’ve stopped? We cannot control the situation anymore. We’d better do what the mass do.’ After hearing this, he did not answer any call, and hid in a room. On the third day, most of the leaders decided to not go to the bargaining organised by the union. After the bargaining, those who attended told others ‘hold on, we have to control the situation. But we are afraid we will collapse.’ At the time, the strike leader made his last attempt to control the situation. When the workers were asked to go back to work from the campus, he went to the masses,

*“I stood amidst them, telling them that once they went back to work, the company will never ‘deliver the goods’. I think they were moved by my words, but still, they followed the section head. Then I left.”*³⁹²

Government

The government did not play an important role, and one reason for this was the recent establishment of the district government. As in the other two cases, the MSS system within the government bureaucracy was switched on in the emergency perceived after the strike occurred. This mechanism had the substantial integration of the trade union into the local government apparatus. Different from the other two cases, the president’s personal background motivated the stepping forward of the district union in the government meeting, showing that the power relations seemed to be more

³⁹¹ Interview, Ms Z, operator and union cell group leader, Denso, 12th May 2011.

³⁹² Interview, Mr I, strike organisor, Denso, 13th May 2011.

favourable for the trade union. After the involvement, the NSDU confronted the pressures from the government, that the deputy chairman of the district government publicly kept condemning the district union president as 'not responsible'. This conflict was deactivated by the president of Guangzhou City Federation of Trade Unions (GZCU), a member of the Standing Committee of the National People's Congress in Guangdong Province.

Management

Mismanagement was the key issue in the strike. The salary structure lacked reason in terms of income disparity, and the changed policies were increasingly unfavourable to the low income groups. Mismanagement was also exposed by management's ignorance of the workers' grievances, which had been reflected in the high turnover rate, the trade union's proposal, and warnings appearing in the toilets. At the start of the strike, the general manager's threatening speech further accelerated the conflict.

Accustomed to the regular resolution of disputes in their home country, the managers did not welcome the involvement of the government at first.

*"Procedurally, we will resolve the dispute with workers on our own, because it was a dispute between capital and labour. But if the company cannot resolve the strike, we hope the government will intervene."*³⁹³

The strike had a tremendous impact on the company. The stoppage at Denso had affected Guangzhou Toyota, Honda, Hyundai and their auto parts suppliers. During the strike, managers, and especially those close to the workers and in charge of production, were confronted by considerable pressures.

*"The general manager told me to deliver the goods. I cannot reject his order. So I told him I had to make a call to my supervisor. On the phone, my supervisor told me to go home right now; otherwise I must fulfill my duty. I then told the general manager that I had to go home. He did not insist and let me go. I left immediately."*³⁹⁴

³⁹³ Interview, Japanese General Manager, Denso, 19th Nov 2010.

³⁹⁴ Interview, Mr T, squad chief and union committee member, Denso, 12th May 2011.

By contrast with the two Honda cases, there seemed to be a distance between the company and the government. This was attributed to the district union's involvement with a worker sympathetic approach, as will be elaborated next. This not only pressed the company to make more concessions, but also brought the role of the trade unions to the fore.

*"In the incident, the union was central in handling the problem. It found the organisers and negotiated with them, but the employees did not want to talk to the union. Then the company talked to the workers, but it was difficult because of the language difference. At last, the workers, through the union, talked to the manager."*³⁹⁵

More promisingly, this might enhance the workplace trade union's status in the company after the strike.

*"The district union and company union assisted greatly in resolving the dispute, and the company union made great efforts in the strike. For sure the company union needs to be improved in many ways, including the relation between union and company, union and workers, and company and workers. And we will discuss these with the union in a further step."*³⁹⁶

The manager then described several reforms after the strike, 'firstly building up a good relationship with the union; secondly improving communication with workers, especially the residents in company accommodation; thirdly, setting up the manager mail-box.' And the core of reforms is the wage negotiation. The manager highlighted an 'enhancement of the wage negotiation to avoid the strike', by 'receiving workers' appeals at a day-by-day basis', where 'the union's expressing and resolving workers' grievance in time plays a crucial role with the co-operation with the company'.

Trade unions

The trade unions played a key role in the conflict resolution. The district union implemented its strategy through the workplace union in the resolution process. In

³⁹⁵ Interview, Japanese General Manager, Denso, 19th Nov 2010.

³⁹⁶ Interview, Japanese General Manager, Denso, 19th Nov 2010.

order to channel the strike through formal procedures, the workplace trade union patiently engaged in collecting workers' appeals and assisting workers to elect their bargaining representatives. This eased up the tensions in the conflict and rebuilt the trust between the workers and the workplace trade union.

The NSDU's stance was the key determinant in the strategy of the workplace union. Comparing with the Huangge town trade union, the NSDU at a higher level enjoyed more status within the political apparatus. Its political status provided the protection for the workplace trade union, against not only the management, but more important against the government. As the vice president stated:

*"In some essential issues, we went for guidance to the district union. In some key issues, especially, if they contain some political factors or risks, we cannot make a decision, but the district union can."*³⁹⁷

Thus the general union left adequate space for the workplace union to fully engage in the process of rebuilding trust, by resisting the external pressures from the government. For the NSDU, its political shelter came from the higher union bureaucracy.

*"At that time [being rebuked by the district government], I kept silent but felt so upset. In the evening, I made a call to GZCU. The moment I spoke, I wept. They said to me, 'it is not your fault, we support you.' I could not help but cry. On the second day, the GZCU president went to the deputy chairman of the district, 'our district union president works for workers as she is the union president, which has offended you.' Then the chairman went out and slapped my back lightly, and said, 'That is all right.'"*³⁹⁸

5.44 Summary

As in the other two cases, when confronted with the strike, the company's authority vanished. The resources offered by NDTU and GZCU facilitated the workplace

³⁹⁷ Interview, Mr Z, vice president of workplace trade union, Denso, 19th May 2011.

³⁹⁸ Interview, Ms L, president of NSDU, Guangzhou city, 12th August 2010.

union's networking with workers, by overcoming the managerial resistance from the employers and political pressures from the government. In this sense, these trade unions became more autonomous from their affiliated administration.

The prominent element in the Denso case in achieving the union's relative autonomy was the advantageous position of the regional trade unions in their power relations with the government authorities. These freedoms were actually achieved through the trade unions' political and administrative resources, underpinned by their political and legislative status. During the process, they have faced up to confrontational forces from the Party-government in an adverse political environment. At the same time the president's rich experience was helpful in enhancing her influence in the Party-government. The involvement of GZCU further helped the NSDU to resist the pressures from the government. Both the union presidents held a similar perspective in appealing to the union's autonomy from the administration. The GZCU had been well known for the president Mr C's enlightened views. In an internal union report after the strike, the GZCU appealed for an autonomous role for the trade unions in strike resolution. The report required the unions to 'clearly understand the unions' unique responsibilities', and '[though they should] co-operate with government departments, pay attention to what a union *could* do.'³⁹⁹

The Denso workplace trade union manifests some democratic elements in terms of both the process of elections and the union's structural institutional arrangements. The openness of the management, the competence of the union presidents, and the worker activists were all favourable factors. The democratic framework of the workplace trade union, as elaborated earlier (section 5.41), paved the way to the smooth union transformation after the strike. As can be seen from the account of the reforms after the strikes in the next chapter, the grass-roots union committee remained the same while more grass-roots elements were contained in the reformed union institutions. The 'bottom-up' method developed in this case was a successful attempt at the institutionalisation of the workers' participation in resolving the disputes.

³⁹⁹ GDPU Office, *Work Bulletin of Experiences Collection of Guangzhou Trade Unions at Different Levels in Dealing with Workers' Stoppage Incidents*, 2nd Nov 2010. In Chinese.

Chapter Six – Case Studies in DLDZ

6.1 The Context of DLDZ

The most obvious fact in the three cases in DLDZ is that they come under the same authority at the district (development zone) level. The political as well as the labour relations contexts of the cases are thus of little difference from each other. The DLDZ context can be understood from three aspects: the general industrial relations development, the highlighted features of ‘paternalist’ trade unionism, and the changing government approaches to strike resolution with a focus on the 2005 and 2010 strikes.

6.1.1 The Development of Labour Relations

Established in 1984, the DLDZ is located in the coastal city Dalian in Liaoning province. The province as a major part of the Northeast manufacturing base was dominated by heavy industries for decades under the socialist system. By 2010 the development zone constituted 2,300 foreign-invested enterprises (FIEs), of which 42 are ranked among the top 500 global companies. These enterprises are engaged in a wide range of products such as towel products, electronics, furniture, and auto parts.

In comparison with the Southern regions, the wage level in Northeastern China is generally lower than in the South. Taking Toshiba for instance, the wage level in Dalian branch, though higher than branches in other cities in Liaoning Province, is lower than its counterparts in cities in South China and East China.⁴⁰⁰ All the enterprises in the DLDZ set their basic wages equivalent to the statutory minimum level with minor wage increases arising from workplace negotiations. In DLDZ, the minimum wage remained static in the 2008 global financial crisis, while in 2009, Dalian City raised its minimum wage from 700 RMB to 900 RMB, nearly a 30% increase. Also in 2009, the green shoots of economic revival in most of enterprises led to the award of a general wage increase in their negotiations. For example the

⁴⁰⁰ Interview, Mr W, party secretary in Toshiba Dalian, DLDZ, 7th April 2011.

budgetary cost of the wage in Toshiba increase was 10%, a substantial rise from 3-5% in previous years.

By 2010, workers in DLDZ had an average age of mid-20s. Because of the generally low requirements for recruitment in most of the companies, it was easy for workers with a certificate from junior high school to find a job in DLDZ. A certain proportion of the workers were local residents in DLDZ. More than one third of the workforce originated from the villages nearby. It was common for workers to have their relatives in factories in DLDZ. Some of them marry and stay. Dispatched workers accounted for 40% of the workforce in DLDZ.

With regard to the employer associations, the Japanese Chamber of Commerce and Industry (Dalian) (abbreviated as JCCI) was established in 1983, this was a non-profit organisation working for all the Japanese enterprises in DLDZ. One of the JCCI's major functions was to provide information about the Japanese enterprises, and it was reported to be able to disseminate information to all the Japanese enterprises within 10 minutes. But it had no authority to constrain its members.

6.12 'Paternalist' Trade Unionism

Trade unionism in DLDZ is characterised by the strong socialist tradition. The union institution was established in the 1980s, when the command economy remained dominant in the arena. Between 10% - 20% of union presidents were full-time officials. Most of the union presidents had the experience of working in SOEs. At enterprises, the socialist heritage of industrial relations rendered the grass-roots unions often keeping an arm's length from the company management. Some unions remained to function primarily as a 'parent for workers' and the union presidents described the union-worker relation 'which is actually a mother-child relation.'⁴⁰¹ The three cases in this chapter are typical paternalist trade unions.

DLDZ had developed a comprehensive pattern of networking of the local union organisations, which is based on a three-layer trade union structure. The highest layer

⁴⁰¹ This particular phrase of 'parent-children relations' was commonly heard in a meal with a dozen of union presidents in major enterprises on 6th April 2011.

was the District Trade Union of Dalian Development Zone (abbreviated as DLDZU). The next layer was the Federation Trade Unions of FIEs, which was made up of ten workstations, each consisting of dozens of plant unions. The workplace trade unions at the bottom level were members of the union networks. The DLDZU president Mr M became the union president after he retired from the local labour bureau where he had worked for ten years. There were close personal relationships between the DLDZU president and a number of workplace union presidents in major enterprises such as Canon, Mabuchi Motor, Seiko, Nidec, TDK, Tostem. Union presidents occasionally met for meals.

Wage negotiations had been introduced in DLDZ since the mid-1990s. The wage negotiations were carried out in a union-centered way. Union officials exercised their personal authority and persuasion to bargain with managers. Administrative assistance from above was the main resource for the workplace union in bargaining. As one of the union president said, ‘this (the collective bargaining) should be a top-down process. The upper union’s role is important. Without the “word” from the higher level union, how could we bargain?’ From 1997, the local government was putting pressure on the foreign partner firms to pay acceptable wages by setting up guide lines. The guidelines provided these companies with high-, middle-, and low-levels as three reference levels of the minimum rate of wage increase. The annual wage increase was around 2%-3% before 2008. After 2008 owing to the enhanced effort on implementing the guiding line policy by the government, for many enterprises, the wage increase reached 10% for the first time.

6.13 Institutions and Strategies of Regional Administration in the Resolution of Strikes

DLDZ had encountered three major strike waves in its history. The first strike wave took place in 1994, a strike involved around 6000 workers in Mabuchi Motors, and then hit 14 enterprises. Ten years later in 2005, starting at the end of July, a two-month strike wave engulfed 17 Japanese enterprises and one Korean enterprise, and the total number of the workers amounted to 20,000. The 2010 strikes in DLDZ started in the spring when Dalian Ichihiro Towel Company encountered the first walk-out. The surge of strikes occurred between mid-July to August, which hit 86

enterprises; among which 68 were Japanese-owned, the rest were Korean-owned. In total it involved more than 80 thousand workers. The strikes generally lasted a short time. The maximum length of some was 2 or 3 days while most of the strikes were resolved within a couple of hours. The strike in Tostem started on 19th July. Four days later, on 22nd July when the strike was ended in Tostem, the one in Nidec broke out but ended on the same day.

The three major strike waves in DLDZ provide an insight into the changing political contexts of strikes. Recent years have witnessed a more relaxed government attitude. Before 1994, the government had dealt with the foreign investors by suppressing the strikes. According to a workplace union officer, ‘When a strike took place, the government called in all sorts of groups including the public security bureau, trade union, and the fireman. There was no collective bargaining or negotiation at all. They simply asked, “do you want to continue working or not? If yes, you sign (to abandon striking); if no, you get off here right now.” That is it!’⁴⁰²

In the 1994 strike wave, officers from the DLDZ labour bureau and the trade union investigated the strike-hit plants, and later selected several workers’ representatives to form a bargaining group for negotiating with the enterprise. In the following meeting, a spirited debate occurred between union, government and employer over whether the strike was legitimate or not. After the meeting, the DLDZ management committee issued ‘Interim Provision on the Enterprise Labour Disputes in DLDZ’⁴⁰³ (shortened to DLDZ interim provision) concerning labour disputes in DLDZ. It pronounced it to be legal for the workers to present a written proposal for a strike to the workplace union and enterprise’s administration, and that the workplace union should report to

⁴⁰² Interview, cadre of DLDZU, 3rd August 2006.

⁴⁰³ *Interim Provision on the Enterprise Labour Disputes in DLDZ (1994)*. This provision was terminated on the expiration of a 5-year period. But later in the year 1994, headed by the ACFTU, a joint notice was issued. The notice requested improvement of facilities for trade unions in FIEs, including unionisation, a better quality of workplace union president, and support and protection from the superior union for the workplace trade union. The issuing bodies are ACFTU, Organisation Department of the CCP Central Committee, State Economic and Trade Commission, Ministry of Foreign Trade and Economic Cooperation, MOL, and State Administration for Industry and Commerce. See *Notice on Several Issues in Strengthening the Work of the Workplace Trade Union in the FIE (1994)*.

the local union. In an enterprise without a union, workers should present it directly to the local union.⁴⁰⁴

Since 2005, a tripartite system for coping with strikes was formally implemented in DLDZ. In the proposal, the enterprise association and general trade union, under the leadership of the government, was required to guide workplace unions and enterprises respectively to negotiate with each other. But this was not practically implemented in the settlements. When the summer of 2005 strike took place in Toshiba (Dalian), it was mediated in a tripartite framework, dominated by the DLDZ management committee and the district union. The company raised the monthly wage by 150 Yuan. Several weeks later, a second strike occurred in Canon. Following the Canon incident, more strikes occurred in other companies. The local government of DLDZ, then hardened its attitude in coping with the ensuing strikes. It curbed the wage increases, even in some enterprises which had already reached compromises, and announced ‘the strike is illegal’, and ‘not a penny will be raised’.⁴⁰⁵ Police were sent to enforce workers’ return to work. A number of strikers were fired. Broader strikes nevertheless were launched by workers in several other companies, including Nidec, Mitsubishi, Toshiba, Nissin, and Asahi. At this point the party committee at the city level stated that the ‘problem [of strike] resolution is the priority at the current time’. It added that ‘a concern with social stability should outweigh economic development’. Under the government and the union’s instruction, the wage was raised across the board by 103 Yuan.

In the 2010 strike, the tripartite mechanism inherited from the 2005 strike was developed in a more formalised way. The labour bureau was in charge of providing the relevant policy information, and the DLDZ district union and China Enterprise Confederation/China Enterprise Directors Association (abbreviated as CEC-CEDA) were supposed to guide the workplace unions and the enterprises respectively to negotiate with each other.⁴⁰⁶ Under this the government had largely withdrawn their intervention in the dispute resolution. Officials from both the Dalian City Labour

⁴⁰⁴ Article 12 of DLDZ interim provision.

⁴⁰⁵ Phoenix Weekly, *An Investigation on the Associational Strike in Japanese Invested Enterprises in Dalian*, 2005(34). In Chinese.

⁴⁰⁶ The CEC-CEDA however, had weaker links with the Japanese enterprises than JCCI.

Bureau and the directly responsible body of the DLDZ Governance Committee appeared to have a relaxed perspective over the strike.

*“When the strike took place, we knew we should not be nervous but be objective in viewing it. I am not saying we permitted them to do whatever they wanted, yet the government behaviour should be constrained.”*⁴⁰⁷

*“[In resolving the strikes] we did not tell the trade union and the managers what they should do; rather relying on going into the enterprise, aiming to understand the workers’ appeals, and guiding both sides to continue their negotiations.”*⁴⁰⁸

In the resolution of 2010 strikes, the substantial mandate was given to the president of DLDZU to intervene into the disputes. As will be seen from the case studies, this district union president played a quasi-government role, of whom the strategy, though sympathetic to workers, took both workers and enterprise into account,

*“Seiko increased pay on average by 400 RMB (around 30%). It should not be this high, as it ignored the overall balance... The level of wage increase that I set up was criticised as being too low. But at that time, it was imperative to keep a balance of wage increases in DLDZ. Otherwise, I would go against the Party.”*⁴⁰⁹

6.14 Concluding Remarks

The context of industrial relations in DLDZ is the hybrid of marketisation and traditional socialism. It inherited the ideology and methods from the past, of which the elements included the institutional and personal closeness among the government and the enterprise trade unions as well as DLDZU, the complete and robust labour relations institutions with socialism featuring trade unionism playing an important role, and the prevalent sympathy for workers among authorities in both the union and the labour bureaux. The trade union officials had been accustomed to methods of paternalism that *de facto* relied on their administrative status and resources. The

⁴⁰⁷ Interview, Mr C, vice president of Dalian Labour Bureau, 7th April 2011.

⁴⁰⁸ Interview, Mr L, deputy director of labour relations department, Management Committee of DLDZ, 8th April 2011.

⁴⁰⁹ Interview, Mr M, president of DLDZ Federation of Trade Unions, 6th April 2011

continuing characteristics of socialist labour relations however were preserved and reconstituted in a context of the overall marketised labour relations as a result of the heavy investigations of the FIEs. The local administration has adopted a number of marketised institutions to cope with the inherent conflicts of capitalist labour relations. In wage negotiations, the workplace trade unions were the key actor.

And the long history of workers' protests in DLDZ has resulted in rich experience and maturing methods of the local authority's handling in the resolution of strikes. The adoption of the tripartite mechanism in the 2010 strike waves was indicative of the shifted direction of the regional administration in an attempt to balance the interests of labour and capital. The tripartite institutions in 2010 left a certain degree of scope for the trade unions to intervene into the dispute resolutions.

It therefore is to be expected that the dominant mechanism in the resolution of strikes in DLDZ was a sluggish institution characterised by administrative domination and paternalist trade unions. It also implies some changes, as a result of the diminished administrative approach which left more scope for the trade union to perform, to bring the union to the fore in the DLDZ 2010 strike waves.

6.2 Tostem

6.2.1 Background

The Tostem Corporation, a residential and construction building materials producer, originated in Tokyo in 1923. In 2001, the plant of Tostem Housing Products (Dalian) Co. Ltd. was established in DLDZ, producing wooden interior furnishings, mainly exported to Japan.

The workforce in Tostem can be roughly divided into IT staff with a bachelor's degree, and operators. Of the front-line workers, 80% had a diploma of no more than the junior high school. In 2011 the number of employees was 2800, of whom operators were around 1800. Because of high physical demands, the majority of the operators were male workers, with an average age of 24 years. Agency workers occupied 29% of the front-line workers. Both dispatched workers and permanent workers had the same basic wage of around 1000 RMB. The difference between them

was performance-related pay, which accounted for 22% of the monthly income of permanent workers (about 220 RMB), while that of the agency workers was fixed with a cap of 80 RMB. There was no regular channel for expressing workers' voice in Tostem. The main one was the General Manager's (Suggestion) Boxes. Workers could also express their opinions to their supervisors.

The trade union was set up after the founding of the company, and had been dominated by the more senior Chinese ever since.

*"The trade union and the Party branch were set up right after the establishment of the enterprise, and were initiated by the heads of department. Because at that time, we did not know who was who, those who had high posts among the Chinese became the members of the first union committee. And the union branches were set up in the same way, so that the presidents were heads of sections."*⁴¹⁰

The trade union presidency was a part-time job in Tostem until 2005, when the workplace union played an important role in the prevention of the strike.

*"After the first few strikes rose [in DLDZ], I immediately informed the general manager about the situation in other foreign-owned firms. Union branch presidents who were also section leaders closely monitored the potential strikers day and night. When the workers on strike in the company opposite attempted to provoke our workers at the gate of the factory, I made a prompt suggestion to the general manager that everyone's basic wage will be raised by 100 Yuan. When one worker called on others to sign up for striking, I cornered him and talked to him individually."*⁴¹¹

After the strike, as suggested by the district union, the president became a full-time union president with the company's endorsement for the purpose of maintaining the factory's stability.

The committee members were senior Chinese managers, while for the union branches set up at the section level, the section leaders were nominated as the branch presidents.

⁴¹⁰ Interview, Mr G, president of workplace trade union, Tostem, DLDZ, 8th April 2011.

⁴¹¹ Interview, Mr G, president of workplace trade union, Tostem, DLDZ, 8th April 2011.

When the president took the office of the presidency, he had worked as a manager in several major divisions. This played an important role in his authority over the workplace union officials.

*“Most of them used to be my subordinates. If I asked them to come, they would run to me.”*⁴¹²

The union structure resembled the company’s managerial hierarchy, and it gave the union some privileges, especially in carrying out its daily work. If the union members wished to have a meeting during their working time, the union doesn’t need to inform the production supervisors in advance. And these high-profile Chinese managers were the employee representatives in the wage negotiations. In the bargaining process, the two sides of the confrontation were not workers and employers, but Chinese and Japanese. The bargaining representatives were managers from the budget department, the human resource department, etc. This beneficial composition of the workplace union did not appear to enhance its bargaining leverage so far as outcomes were concerned. The annual wage increase rate was as low as 4%. In addition, there was a gap between the union and the rank-and-file. Nationalism and morality were used to motivate the Chinese managers in wage negotiations and in the distribution of the cake.

*“We wanted to get a bigger cake, but how to allocate it? We should obey the dictates of our consciences... we should not be selfish with it... I asked the managers, ‘aren’t you Chinese? If yes, you should speak for Chinese workers.’”*⁴¹³

Workers had free access to the trade union. The channels included internal and external landlines, and the collection of views from the union branches. But as the union president admitted, these mechanisms did not function well. The union occasionally organised manager-workers meetings, but before the strike, ordinary workers had no access to normal meetings.

⁴¹² Interview, Mr G, president of workplace trade union, Tostem, DLDZ, 8th April 2011.

⁴¹³ Interview, Mr G, president of workplace trade union, Tostem, DLDZ, 8th April 2011.

In its daily work, the workplace trade union had taken the responsibility for a range of workers' welfare programmes from education to culture, from travel to sports. Some of these activities were originally carried out by the company, and the union acquired legitimacy by helping the company to implement workers' programmes.

*“Without doing these works, the union will have little rights and the factory will not listen to you. The more work you do, the more rights you will gain.”*⁴¹⁴

These resources were at the same time used to show the power of the union to workers. In organising these activities, the president suggested that the company transfer the funds to the trade union, or let the union organize them. That made the workers think it was the union who was in charge of them.

6.22 The Course of the Strike

Before the strike, the union president warned the company. The president told the company managers, ‘your roof is on fire!’ But the company said they needed to think about it.

On the morning of 19th July 2010, the strike in Tostem was staged. At first there were a few production lines where workers stood at their positions but refused to work. Abandoned lines spread, one by one. Within an hour, the whole of production in the factory halted. Then workers moved to the factory campus.

*“We all worked in a big factory workshop. Seeing others stopping, we stopped. Seeing others going out of the building, we went. People joined in the fun.”*⁴¹⁵

The trade union then had several emergency meetings with the company, at which the latter finally agreed to raise the wage by 300 Yuan. This was announced by the trade union president to the workers. It was rejected by the strikers but workers reduced the demands from a 800 Yuan increase to 500 Yuan. The president himself went to the company dormitory to enquire about workers' demands in the evening. The trade union delivered survey forms for workers to write down their opinions.

⁴¹⁴ Interview, Mr G, president of workplace trade union, Tostem, DLDZ, 8th April 2011.

⁴¹⁵ Interview, Mr Y, worker in Tostem, DLDZ, 10th Apr 2011.

At the Japanese manager's request, the union president called about 200 leaders and shift leaders to go to the canteen where they might directly negotiate with the Japanese general manager. In the negotiation meeting, the president summarised the demands from the survey, and encouraged the shift leaders to tell the manager about the workers' requests. The Japanese manager did not give a reply in the meeting. In the evening, the workplace trade union bargained with the company on its own. When it achieved a 400 RMB increase with the company, the president was not satisfied with the result. He suggested the managers should add subsidies, including an allowance for hot weather.

The slow response from the company had provoked workers' anger. In the morning, before the release of the new offer, all workers, including the IT staff from another building, rushed out of the plant. Strikers shouted slogans such as 'Japanese manager get out' and 'get out general manager'. On the campus the workplace union president tried to appease the workers on his own.

At the same time, the general union president paid a visit to the company, which led to the ending of bargaining between the workplace union and the company. The district union president asked the company to raise their wage to 1400 Yuan, which was an increase of 380 Yuan and a smaller pay rise than the previous agreement between the workplace union and the company. Despite workers refusal of the later offer, the workplace union president had no choice but to resume the production,

*"President M of the district union came and asked the company to raise wages by 380 Yuan. This helped the Japanese to save a lot of money. I was only aware of that after I went back from the factory campus. What could I say then? They (Japanese) told me, your government, and trade union told us to raise 380 Yuan."*⁴¹⁶

The next day, the workplace union president went to the campus where workers gathered. He promised that working conditions would be improved. He also threatened to punish those who insisted on striking, and warned the leaders to get their

⁴¹⁶ Interview, Mr G, president of workplace trade union, Tostem, DLDZ, 8th April 2011.

men to back to work. The president stood at the factory campus all day long to catch those who went out of the factory. In fear of his inability to control the situation, he phoned the district union president for assistance. The latter delivered five police cars, which stopped near the plant.

“Taking the risk of losing my job as a union president, I warned the line chiefs to order their men to go back to work, and I swore to them that I will (ask the manager to) fire those who did not enter into the workshop. They were unusual measures, and I had to take all the responsibility.”⁴¹⁷

The IT department was first to restore production. They were requested by the department leaders to wait for notification to resume work; later they were told by the leaders that other departments had gone back to work. Following the IT department, the workshops resumed work under close monitoring by the managers. The whole of production was restarted within a few hours on the Thursday morning.

The end of the Tostem strike coincided with a new strike wave in major Japanese companies in DLDZ, including Toshiba, Nidec, Mabuchi Motor, Toto, and Seiko.

6.23 Activities of the Actors

Workers

From the early summer, nationwide protests in enterprises provided further encouragement for the incubation of the Tostem strike. In DLDZ workers had had close networks since the late spring of 2010. Occasional strikes had occurred from time to time. News about strikes in other factories, rapidly disseminated via phone or mobile texts through these networks, encouraged them to take action. They were called by others by phone about the strike situation on others' side. Workers also checked the strikes on the Internet. The strike was a hot topic in spare time at that time. Workers were encouraged by the success of the strikes in these companies and by the overall favourable environment at that time. 'A dozen factories had strikes from June. When there was a strike, the wage increased.' 'The government is on our side. Wenjiabao (the prime minister) said wages should rise.' 'The police said they

⁴¹⁷ Interview, Mr G, president of workplace trade union, Tostem, DLDZ, 8th April 2011.

will “not encourage, not advocate, and not object”. This [strike] was a normal method to fight for our interests and rights, which was not a harmful activity.’

The workers were aware of their bargaining power. They believed the company could not find 2,000 people to supplant them. Even it could, the new workers could not do what they do. The protests took a rather peaceful form. They did not go onto the street, because ‘it will be different if we go out of the factory.’

Strikers’ demands targeted the wage, welfare, and better working conditions. These demands were pitched in a less strategic way.

*“We said we wanted a 500 Yuan increase, or a 800 Yuan increase. It was bargaining. If we asked for 800, even if the company wanted to give us a half; we still got a 400 increase.”*⁴¹⁸

Workers focused on economic issues, while appearing to be less enthusiastic with regard to their involvement in the decision making process, in their demands, and in their attitude to the dispute resolution process. On the one hand, except for a few cases where workers demanded a fair wage increase mechanism that favoured the front-line workers, in Tostem and in the majority of the companies, this was not raised specifically by workers. And there was not an appeal for union restructuring. On the other hand, they appeared to be more reliant on the formal institutions to resolve the disputes. They avoided a head-on collision with the managers, and scattered and ran away when the union president walked towards them, while they reported their demands to the shift leaders and the section leaders who were asked by the trade union to inquire into workers’ opinions.

*“We told our demands to them. They are our cadres, who shall take sides with us. They did not ask our names.”*⁴¹⁹

Government

⁴¹⁸ Interview, Mr Y, worker in Tostem, DLDZ, 10th April 2011.

⁴¹⁹ Interview, Mr L, worker in Tostem, DLDZ, 10th April 2011.

The government stood aside in the strikes; its main task was to restrict workers' extreme behavior and thereby maintain social order. The government had a close relationship with the trade union. And there was indeed a blurred boundary between the government and the regional trade union.

The government standing aside in the strikes shifted pressures not only to the company but also to the workplace trade union. The workplace trade unions were not used to the situation and expected government intervention.

“[In the 2010 strike] the government did not attempt to control the strike, or it was unable to control it. At the end the situation was out of control.”⁴²⁰

Management

The management in Tostem, and in Japanese companies in general, was highly centralized. Lower level managers and the Chinese managers had no rights in the wage determination procedure to make decisions.⁴²¹ This may partially explain its slow response to the trade union's warning before the strike. After the strike, the company negotiated with the workplace trade union and made concessions. When the district union president gave its opinion on the wage increase, the company accepted, not only because it was a lower rise, but also because of the government background of the district trade union.

Trade unions

Not used to the government's withdrawal, however, the workplace trade union president was the main mediator between the manager and the workers in the strike partially owing to the local trade union's tradition in adjusting labour relations. The main non-adversarial method was the high-profile Chinese managers' presence in the company's general wage negotiations. Other methods employed by the trade union included cooperation with and assistance to the company. The union president's personal reputation and competence was the key to rendering these methods effective. In the strike, backed up by the threatening leverage of the strike, the president had

⁴²⁰ Interview, Mr G, president of workplace trade union, Tostem, DLDZ, 8th April 2011.

⁴²¹ Interview, Mr Y, head of the Human Resources Department and of the General Matters Department, Tostem, DLDZ, 8th April 2011.

achieved substantial compromise in the negotiations with the company. As can be seen, the president had not only the capability but also the willingness to gain more benefit for the workers. With the mandate given by the Party-government, the president of DLDZU acted as a government representative, whose intervention shall be largely seen as a substitute for the government.

6.24 Summary

The withdrawal of the local government's administrative intervention during the strike compelled the enterprises to bargain with the workplace trade unions. The workplace union took the main responsibility in resolving the strike, drawing on its tradition of adjusting the workplace labour relations. This tradition was a top-down approach whereby the leverage of the trade union in Tostem came from personal involvement as well as the administrative resources from the above. The role of the district union can be seen as acting as a representative of the government.

Workers were mobilised effectively, which was the main impetus for the company to make much more concessions than in previous wage negotiations. But comparing with their counterparts in the South, they were more reliant on the authorities to resolve the dispute. It will be seen that this strategy, rather simply being less threatening to the authorities, was an indication of the less marketised labour relations in DLDZ, and the ensuing trade union underwent far less radical reforms by comparison with the Southern cases.

6.3 Nidec

6.31 Background

Nidec (Dalian) Limited was established in 1992, a Japanese owned manufacturer producing DC motors for PC peripheral devices, fans, and components for precision motors. The workforce in Nidec used to be more than 10,000; in 2010 it was 7400, of which some 6000 were front-line workers.

Workers' statutory rights were reported to be severely violated. The use of overtime work exceeded its legal limit, rest periods had been reduced, and working hours were

miscalculated to the employees' disadvantage. It made excessive use of dispatched workers. In 2005, workers in Nidec had staged a sympathy strike, supporting the strikes in Toshiba (Dalian) and Canon. Because of the strike, some infringements of employment rights were alleviated, and wage negotiations achieved some improvements.

The Nidec union president had been the manager in the production department for four years before he was appointed as the full-time union president by the company and the local trade union in 2000, and got approved by the workers' congress. At the time, he was also a member of the Party committee in the company.

*"My taking the office of union president was a result of the deadlock between the company and the upper trade union. When the previous president left, the company recommended a manager as the union presidential candidate. But the general trade union wanted to send its own man to be the candidate. Then the general union picked me up from the Party committee in the company."*⁴²²

Under the union standing committee, there were 28 union committee members, in charge of collecting grievances and requests from the workshops or offices. There were 26 union branches; each contained a number of union cell groups based on a single production group or an administrative group. Each union cell group consisted of 30 to 40 workers. According to the workers, the contacts between the union president and the workers were few.⁴²³

In the wage negotiation of April 2010, the Nidec union conducted a survey by interviews and anonymous questionnaires, with a sampling group of 300 workers. It inquired about workers' aspirations based on their knowledge about factors relevant to wage increases. The survey has encouraged workers to have a deeper understanding about the bargaining, but also served as a 'force from the below' to boost the union's bargaining leverage in the negotiations.⁴²⁴

⁴²² Interview, Mr Z, president of workplace trade union, Nidec, DLDZ, 9th April 2011.

⁴²³ Interview, Ms R, squad leader and workers' representative in 2011 wage negotiation, Nidec, DLDZ, 17th August 2011.

⁴²⁴ Interview, Mr Z, president of workplace trade union, Nidec, DLDZ, 9th April 2011.

In this wage negotiation, the basic wage in Nidec rose to 1000 Yuan – a 16% increase of the basic wage. The result of the negotiations was not forwarded for confirmation to the workers' congress. According to the survey, worker satisfaction about the wage increase of 16% reached 70%. The basic income of front-line workers was 1000 Yuan after the regular wage negotiation in April. Staff workers' wages were on 2200 Yuan, 120% higher than front-line workers.

6.32 The Course of the Strike

At the start of the 2010 strike wave, Nidec offered a wage rise of 130 Yuan to prevent the strike. Despite this, it still experienced a strike ten days later. On 22nd July, after lunch, in one of the workshops making semi-manufactured motors, a worker turned off the lights of the production site. It was a sign for others to launch the strike. At the time, there were some 3000 to 4000 front line workers. With the information spreading by text messages among different workshops, front-line workers stopped at one production line after another. Though leaders at the shift and higher levels, and the staff, did not participate the strike, they later relinquished their work as well. In a few hours, the whole production system came to a halt.

When the strike occurred, the union president went to the production line that had first stopped work. He said to them, 'I know your demands. The union will respond to you tomorrow, can you work now? If you are not satisfied with my response, you can strike tomorrow.'

*"I attempted to stabilise the situation, if the production could be sustained at that time, the subsequent lines would not know about the strike."*⁴²⁵

This however, did not have any effect. Workers either stayed on the production line, or went back to their dormitory. The president and the union collected workers' demands written as notes. Workers presented a range of demands in the notes. The union president instead proposed a different plan of a pay rise of 200 Yuan.

⁴²⁵ Interview, Mr Z, president of workplace trade union, Nidec, DLDZ, 17th August 2011.

*“Inquiring about workers’ demands was a formality. I did not read them. They called for 800 Yuan, or 1000 Yuan – they talked nonsense. The increase shall be 200 Yuan, in accordance with the wage increase gap between Nidec and the companies nearby.”*⁴²⁶

The union president negotiated with the company on his own. After achieving the agreement of a 200 Yuan rise with the company, the trade union made joint efforts with the company to resume production. Decisions on the pay rise as well as notice of the dismissal of those who insisted on continuing striking were announced on the notice board. Shift leaders were on 24-hour stand-by to make calls to workers for resuming production. Leaders went to workers’ dormitories to tell them about the decisions. The production was revived in half a day.

6.33 Activities of the Actors

Workers

In 2005, Nidec had experienced a major strike involving around 9000 workers, which provoked a month of strikes in DLDZ involving seventeen Japanese enterprises and one Korean enterprise. The 2005 strike was not the first one, Nidec had experienced its first strike in 1998.

In DLDZ workers shared a common demand for a wage increase of 800 Yuan and the improvement of their welfare conditions. These in Nidec also asked for a regular wage increase procedure, so that the front-line workers could benefit from wage adjustments. Restructuring of the trade union was not a formal demand in Nidec, nor in other cases in DLDZ.

The form of the protests was by and large peaceful. Strikers did not go out in the street, which had occurred in Nidec’s 2005 strike. They clocked in and out, and had their meals at the canteens as usual. Workers simply abandoned their work by standing at their positions and doing nothing. Some went back to their dormitory.

⁴²⁶ Interview, Mr Z, president of workplace trade union, Nidec, DLDZ, 17th August 2011.

Information about the progress of the strikes and the concessions being offered in Nidec and in other companies spread rapidly via text messages and the Internet.

Government

As the president in Tostem, Nidec president appeared to be unable to cope with the government's silence.

*“At the early stage of the strike, I suggested that the superior authority should implement a guideline to restrict the workers. But they did not have a clear attitude until the strike spread to 50, or 60 enterprises. Then they pronounced that ‘workers should not use strikes to enforce wage increases.’”*⁴²⁷

He saw the changed strategy of the government as ‘irresponsible’.

*“In 2005, the strike spreading was controlled by the governments’ command to management to raise wages by 200 Yuan in each company. However, this time the government did not learn from the 2005 strike, and no one was responsible for addressing the disputes.”*⁴²⁸

Management

Nidec was renowned for its harsh labour management in DLDZ. In the strike, the company had negotiated with the workplace trade union. It agreed with the latter's proposal of a 200 Yuan increase. The partial reason may be that the importance of the agreement, apart from the district union's intervention as an alternative to that of the government, was the great significance of maintaining parity of wage increases with other firms in the area.

Trade unions

The union president had attempted to employ the grass-roots force in his negotiations with the company, with a sense of responsibility to educate workers by improving their legal awareness.

⁴²⁷ Interview, Mr Z, president of workplace trade union, Nidec, DLDZ, 17th August 2011.

⁴²⁸ Interview, Mr Z, president of workplace trade union, Nidec, DLDZ, 17th August 2011.

*“I had hoped workers would strike at that time in 2005, as workers can only acquire their power through strikes. A strike can strengthen their labour awareness. Every two years, we produced a ‘Special Issue of Workers’ Legal Education’ to encourage their awareness. The trade union was powerless without the workers taking strike action. The union’s representation role does not matter, workers’ collective power matters.”*⁴²⁹

Ironically, he viewed the strike as the ‘awakening of workers’ awareness’; while in 2010 he viewed the strike as ‘anarchy’ (*wufawutian*).⁴³⁰ The union had adopted quite distinct strategies in dealing with the strikes in 2005 and in 2010. In 2005, the strike lasted four days. There were full discussions between the workers, the trade union, and the management at that time. The president considered the cause of that strike as ‘cruel and degrading working conditions’. By contrast, the president had seen the resolution in the 2010 strike as a case of crisis management, which ‘wanted a prompt resolution.’ In the 2010 strike, the president directly negotiated with the company without taking into account workers’ demands. Different strategies adopted by the Nidec union in 2005 and 2010 showed the change in preference between top-down and bottom-up approaches, when the president’s choices are susceptible to external factors. Though the DLDZU did not get involved in the strike in Nidec, the 200 Yuan increase in the strike proposed by the workplace trade union was based on the DLDZU’s decision.

6.34 Summary

The denial of government intervention led to the union’s dominant role in the strike. The position of the unions in Nidec and Tostem were by and large about the same. They were aware of their responsibility for resolving the strike. And they were competent in doing so. They were both reliant on administrative co-operation with both the management and the district trade union. The Nidec union president showed his relatively high competence in controlling the situation, not only through the union activities characterised by democratisation during the peaceful time, but also in his prompt resolution of the strike by adopting an authoritative approach. This showed

⁴²⁹ Interview, Mr Z, president of workplace trade union, Nidec, DLDZ, 17th August 2011.

⁴³⁰ Interview, Mr Z, president of workplace trade union, Nidec, DLDZ, 9th April 2011.

that, at the crucial point when the conflict between the workers and the management was sharpening, the Nidec president had prioritised the union function of maintaining industrial peace, by virtue of a ‘top-down’ action without workers’ participation.

6.4 TDK

6.41 Background

The TDK Dalian Corporation was established in 1992 as a manufacturing plant subsidiary of Japan TDK Electronics Company. It manufactured coils, isolators, etc. The workforce decreased from 4200 in 2005 to around 3000 in 2011. The average age of the workforce in 2011 was 22.7, and 87% were female workers.

The previous union president was the senior manager of the production department. In 2000, when the workforce reached 820, according to the local regulation regarding the union in a company with a workforce above 500, it should have had a full time presidency. But the formal president refused to comply with this suggestion from the DLDZU because ‘there was little room for a union president to get promoted.’ As his successor, the DLDZU nominated Ms W to be the candidate as the TDK workplace union president. At the time she worked as a senior engineer in a government background construction company, with the part-time positions of the company’s union president and party secretary. Ms W was interviewed by the general manager, who ‘was satisfied and let her go to work immediately’. Ms W’s presidency was then pending to be approved by the workers’ congress. The formal union president released her resume to the public. She had a two-month internship in Tostem, getting used to contact with the workers. Her probation period as president was approved in the workers’ congress.

“I was afraid to be not approved. If more than half of representatives did not vote for me, what could I do since I’d resigned from my formal company? When, in the workers’ congress, I got 100 votes from 111 workers’ representatives, I was extremely happy. I had no option but that I must do this work well.”⁴³¹

⁴³¹ Interview, Ms W, president of workplace trade union, TDK, DLDZ, 18th August 2011.

6.42 Integrated Union-party Approach

The structure

The distinctive characteristic of the TDK union was its dual structure with co-existence of the party and the union. There was a matching configuration of their structures, the arrangement of overlapping personnel, and co-working of the party and the union. The party in TDK had been established in 1994, yet the work of the party committee was not fully implemented. In 2000, when Ms W took the office of both union president and secretary of the party branch committee, there were only 11 party members in TDK. Ms W actively engaged in recruitment of Party members and the expansion of the Party. In 2003, Ms W was appointed as ‘the supervisor of Party building’ by the Party and Trade Union Committee of DLDZ, who had the authority to recruit party members across enterprises. By 2011, she had established two general party branches, six party branches at the company level, of which three were in TDK. The number of party members she enrolled amounted to one hundred and fifty-three. Half of them were TDK members – the rest were members in forty-three private enterprises in DLDZ.

In most of the enterprises in DLDZ, the positions of Party secretary and union president were both embodied in the union president, appointed by the superior Party committee. Yet this particular approach of ‘integrated union-party’ was not evident in the cases of Nidec and Tostem, despite the fact that both union presidents were also the secretary of the party committee in the companies. The Nidec union president stated that, ‘the party committee meant nothing, only nominally it leads the union.’ In Tostem, where four party cell groups existed, the union president had not shown his commitment to the important role of the party committee in leading the union. The role of the party organisation in Tostem was minor. The party meeting was covert, which can only be held in spare time; while the trade union meeting can be held in working time.

It was the common-place among the three cases that the grass-roots party organisations had low party membership among ordinary workers. In Nidec, the trade union membership was 100% while the party members numbered around 90, but only 1% of the frontline workers were party members. And in Tostem, only two frontline

workers and one IT staff were party members. Similarly, in TDK 60% of the managers were party members, not frontline workers.

The TDK union was structured in four layers, which were, in order, the union president, the union committee, the union branch and the union cell group. Ms W adopted the approach that ‘the Party leads the union’, which was a party-union integrated approach. In a similar structure with the trade union, the party organisation was divided into four layers. In order, they were the party secretary, the party committee, the party branch and the party cell group. There were eighty party members in TDK. Members of the party committee and union committee were interchangeable in a cross-exchanging of their positions. It benefited the union internal management.

“In my first time of leading the union committee meeting, someone said ‘president, since you are the party member, you shall do the work and we will have no time to do union work.’ Then I realised (it was because) none of the committee members were party members. Now except two, the entire union committee members were party members. Will not the union work be easier to carry out?”⁴³²

Union relations with management and workers

The union kept a distance in the union-company relations. This was illustrated not only by its physical assets in the company – a large office, a union sponsored supermarket, an anteroom and a union-company shared activity room – but also by the union’s attitude in front of the company.

“You should get the Japanese accustomed to the Party and the trade union, to ensure they pay attention to the union. We will get across the policy of the Party and government to the Japanese managers in the beginning of their terms of office. The general manager told me ‘I’ve never been in a formal wage negotiation in China.’ I replied ‘the wage negotiation in here has been formal for a long time, I hope you will get used to it’. This year, the vice general manager attended the meeting at the provincial level regarding the construction of harmonious labour relations. After that,

⁴³² Interview, Ms W, president of workplace trade union, TDK, DLDZ, 18th August 2011.

*the provincial newspaper and television agencies came to interview us. To cooperate with the media, we invited the manager to attend a seminar on wage negotiation.”*⁴³³

The union-party approach provided top-down communication channels whereby rank-and-file workers were seldom involved in the governance of the institution. The imbalance of the union-workers relations was based on, rather than a ‘legal duty’, but a ‘moral duty’, as was conceived by the union president,

*“The union should always sit with the workers, because they are a disadvantaged group.”*⁴³⁴

Rank-and-file workers were seldom involved in union governance, neither in union elections nor in its functioning. In wage negotiations, union committee members normally took the duty of the bargaining representatives. Some of the union committee members were department heads. In collecting workers’ demands, the trade union officers brought questionnaires to the workshops where workers could write down their opinions. The questionnaires were distributed at random. Workers did not participate in the nomination of union candidates, not even at the lowest level.

*“I did not know about the nomination of our union cell group leader. And I did not know how the union candidates were elected. We voted for several people who had been selected. Maybe some of them recommended themselves. If everyone was a candidate, things would be a mess.”*⁴³⁵

Union functions

The Party organisations in DLDZ mainly engaged in activity such as ‘ideological work’, ‘honouring worker models’, or ‘working as the workers’ guardian’ to unite workers. Some union functions were merged with Party activities. Programmes such as welfare distribution, training, entertainment, were implemented in the joint names of the Party committee and the union committee. The union’s communication with workers was also carried out through a top-down approach that all the party members

⁴³³ Interview, Ms W, president of workplace trade union, TDK, DLDZ, 18th August 2011.

⁴³⁴ Interview, Ms W, president of workplace trade union, TDK, DLDZ, 18th August 2011.

⁴³⁵ Interview, worker in TDK, DLDZ, 18th August 2011.

should ‘actively engage in workers’ thinking by chatting with workers at every chance’.

Given the local union customs and practice, the union had rights to veto on some aspects pertinent to workers’ issues such as dismissal, working hours, the reward system, and the penalties committee. In 2005, the enterprise released a notice of temporary layoff of any pregnant workers, which offended relevant laws. The trade union robustly argued against the company until they cancelled the notice. The union had also carried out a wide range of welfare distribution to workers and their households who were in difficulties.

Besides its protection role, the ‘integrated union-party’ approach contributed to boosting productivity and saving labour cost by motivating workers. It engaged actively in implementing suggestions for rationalization. During the 2009 financial crisis, the union and the party committee made collaborative efforts in mobilising workers for flexible attendance, energy saving, productivity increase, and technical improvements. The economic recovery brought about a 20% increase in the production requirement in one production department. The trade union held meetings to mobilise workers in boosting productivity. Around 2000 workers worked overtime voluntarily and finished the production requirement on time. In March of 2011, affected by the earthquake and the tsunami in Japan, production in a major workshop of TDK halted. About 150 employees were laid off. They were given the option to either leave with compensation or take a move within the internal posts. For the former, the company would pay a considerable amount of compensation. The trade union then organised the union and the party members to persuade these workers to move their posts rather than leave the company. As a result, nearly half of the employees agreed to stay at the company.

In wage negotiations, as well as the normal ways of collecting information as a basis for bargaining (such as company profits, workers’ demands, overall situation of the wage increases in DLDZ, and the eco-social data), the president had her own strategy to win a better result in the bargaining. She campaigned for all kinds of prizes for the company, ranging from local to provincial. The different viewpoints adopted by the

five Japanese managers who had taken office during the president's tenure had resulted in great uncertainty about the effects of this approach on the negotiations.

Sometimes, it did not work.

*“In one wage negotiation, I was given an award as ‘The Headline Champion of Economic and Social Development’ by the provincial party committee. I asked the committee to give my own reward to the manager to make him happy. And I helped the manager to finish the complex process of the negotiation. But in that wage negotiation, the pay rise was not increased. I felt disappointed. The company should have increased the pay rise by – at least – a small amount.”*⁴³⁶

Whilst sometimes the response was positive.

Last year, the president successfully helped the company to get the award of the ‘model work unit’ (*mofan danwei*), which, in Dalian city, only four enterprises were awarded. The president and the head of the Personnel Department accompanied the manager to the award ceremony conference. On the way back the president said to the manager:

You are great!

Why?

You are the first among the four managers who got the reward. It was a great reward, an honor of the company, which should be shared by the workers. How to share it?

You should raise the workers’ pay.

So I should raise your wage?

I do not care, I am going to retire.

The manager then spoke to the Personnel Department manager to propose a pay rise plan. In that wage negotiation, the wage was raised by 9.6%.

6.43 The Prevention of the Strike

⁴³⁶ Interview, Ms W, president of workplace trade union, TDK, DLDZ, 18th August 2011.

The trade union had played a significant role in resolving collective disputes. In 2009, after the financial crisis, the company planned a massive redundancy to cut costs. After the union had engaged in negotiation, an internal transfer replaced the previous decision to permanently end the employment of 300 workers, who had been working in TDK for many years.

In 2010, after the occurrence of the strike wave in DLDZ, the union twice proposed a pay rise. The first negotiation took place during the early stage of the strike wave, when the company and the union came to agreement on a 200 Yuan pay rise, 100 Yuan less than the union's original proposal. In a couple of weeks, an increasing number of companies had suffered from strikes.

The union systematically sought the opinions of workers. At the same time, it persuaded workers to abandon unrealistic expectations of the wage increase.

*"In the union's inquiry into workers' demands, they asked for an increase of 300 Yuan, the union said 'it is too high, the company recently had a bad economic performance. You should reconsider it.' By doing so, workers agreed to decrease their demands."*⁴³⁷

The president for the second time put forward their demand, including a revision of the newly released piecework plan and another pay rise of 300 Yuan.

"I said to the manager, 'if you did not agree to offer another 300 Yuan, it is not the union's fault if workers strike.' 'How do you ensure that workers will not strike if pay rises?' 'If you raise the pay by 300 Yuan, I will resign if workers strike.' 'Do you mean that, if workers strike, I will have to resign as well?' 'Yes, both of us.'" ⁴³⁸

The company accepted the union's proposal. Then the union immediately informed the workers. Members in the four-layer mechanism of the party/union integration went to talk to the workers, thereby ensuring a full coverage of the party/union structure in transmitting information to workers. In terms of the demands for which

⁴³⁷ Interview, Ms W, president of workplace trade union, TDK, DLDZ, 18th August 2011.

⁴³⁸ Interview, Ms W, president of workplace trade union, TDK, DLDZ, 18th August 2011.

the union had not reached agreement with the company, it announced its scheme to resolve the dispute. In addition, workers were told ‘horrible stories’ about the consequence for strike leaders in previous cases.

*“At that time, when they saw me, they ran away. I was trying to reach them. Later they would like to talk with me about their difficulties and demands. I told them that I understood them. But I would not suggest that they go on strike. Take the bad example of the 1994 strike in Mabuchi Motor for example. Though the wage rose by 45% in 1994, workers were investigated by the company after the strike as to ‘who led the strike’, ‘who participated’. And at the termination of their employment contracts, the company refused to extend the contract – which was legal. Then I told them, you can trust me, trust the union. We will do our utmost to strive for you.”*⁴³⁹

Ms W retired in 2013. During her thirteen years tenure of union president in TDK, the company succeeded in avoiding strikes during major strike waves in the DLDZ.

6.44 Summary

TDK adopted a union-oriented pattern of union-party integration in FIEs. This approach appeared to benefit the union’s internal governance. It showed its sympathy for the workers, while its adverse effect on the company was limited. Faced with the prospect of a strike, it was successful in curbing its occurrence, thus demonstrating that this structure was notable in its ability to control workers, by sensitively monitoring their potential actions.

⁴³⁹ Interview, Ms W, president of workplace trade union, TDK, DLDZ, 18th August 2011.

Chapter Seven – Discussion and Conclusion

7.1 Discussion of Case Studies

7.11 Three Types of Trade Union role in Strikes

The six cases provide evidence of the concessions made by managers to the workers in response to workplace conflict. They describe various degrees of union involvement in contributing to the dispute resolution. In all of the three cases in DLDZ, the trade unions played dominant roles, being actively involved in the dispute resolution; while in the South, the unions' participation appeared to be more diverse. The role of the trade unions in strike resolution can be categorized into three types.

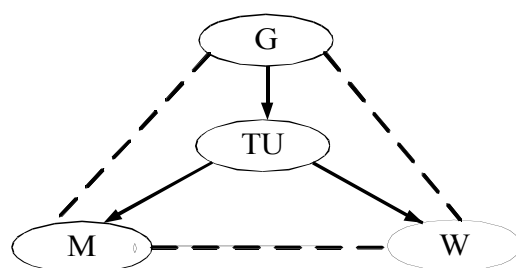
The trade unions in Nidec, Tostem and TDK in the DLDZ all negotiated with the company with only limited government involvement. They successfully achieved a resumption of production by having both sides make concessions. In the case of TDK, there was a complete avoidance of any strike. When it comes to the South, in the case of Honda Nanhai, workers themselves negotiated with the management without any actual involvement of either the trade union or the government. In stark contrast, in Honda Lock the government dominated the whole process, thereby constraining the behaviour of not only the workers and the trade union, but also of the company. In Denso, the approach was dominated jointly by both the trade union and the workers, and took the form of the institutionalisation of the workers' autonomy through the official trade union organisation.

The six cases can be seen as three types of dispute resolution, if we distinguish the extent to which the trade unions' contributions caused the employers to make concessions to workers. They are listed below.

Type 1. The Denso case and the three cases in DLDZ had similarities with the 'union centered approach', where the approach was controlled either by both the government and the trade union (e.g., cases of Tostem and Nidec) or the union alone (e.g., cases of Denso and TDK). This pattern had some characteristics of a 'corporatist' arrangement of dispute resolution regarding the conspicuous dualist functions performed by the

trade unions. Under the supervision of the party-government, the trade union played the key role of a mediator to help, encourage or urge both sides to make compromises and reach agreement. The party-government did not impose any direct instruction and intervention on the workers and managers in the dispute resolution process. In the case of Tostem, the government only intervened at crucial phases such as in prolonged strikes. The workers and the management, unavoidably linked with each other in the strike, came to agreement based on the trade union's mediation. (See Figure 6)

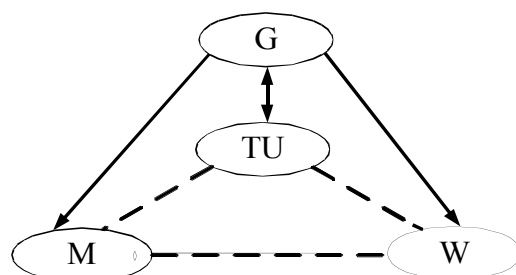
Figure 6. Type 1



I.e. DLDZ and Denso.

Type 2. The second pattern can be described as a ‘unitary’ resolution, exemplified by the case of Honda Lock. The party-government dominated the resolution and left limited scope for both sides. In this case, despite being an integral part of the institutional arrangement of dispute resolution, the trade union did not play an independent role. The government, by virtue of its resources and authority in politics and administration, dominated in guiding the company and workers in achieving resolution of the dispute. The workers and the managers, necessarily linked, relied on government intervention to resolve the dispute. (See Figure 7)

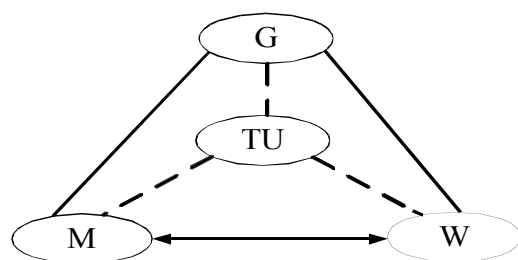
Figure 7. Type 2



I.e. Honda Lock.

Type 3. The last category is ‘pluralist’ resolution,⁴⁴⁰ the well-known Honda Nanhai case represented this type. The trade union, though institutionally linked with the other three actors, did not play any visible role. The party-government did not impose any direct instruction and intervention on the workers and the managers, but acted as a mediator to promote the resolution of the dispute. The dominant role was played by the workers and managers. (See Figure 8)

Figure 8. Type 3



I.e. Honda Nanhai.

The weakness of trade union arrangements lies in the lack of connections with the grass-roots workers. It was essential to ‘reconnect’ workers, thereby gaining workers’ compliance in the dispute resolution process. In resolving spontaneous strikes, the workplace trade unions, by virtue of their daily contacts with workers, benefited in building up an easy and smooth channel of communication with workers.

In both cases of Type 2 and Type 3, the trade union lacked sufficient credibility among the workers. This was partially attributed to the union president’s close relations with the company and also to the fact that the union’s internal institutions had been out of touch with grass-roots members. In the absence of a ‘usable’ workplace trade union, effective communication between workers and the employer cannot be implemented. In the approach of type 1, the trade unions successfully channeled workers to union-led bargaining with employers. The workplace unions, backed up by the higher level of the trade unions, had acted as the bed-rock of contacting workers in the dispute resolution procedure.

A closer examination of the cases within the first category revealed the different significance of the organisation at different levels within the union structure. The

⁴⁴⁰ Pluralism has the connotation of *laissez-faire pluralism*, with emphasis on its full freedom for any interest group to press its interests and try to persuade others.

cases of Nidec, Tostem and TDK exemplified the dominant and effective role of strong grass-roots trade unions in resolving the disputes. Associated with the highly centralised union structure within the company, their approach had been characterised by ‘top-down measures’, in that the presidents employed their personnel influence to gain workers’ compliance. This method appeared to be effective in getting the workers to succumb to the union commands in these cases. The district union adopted a more dominant approach, which set up the range of the wage increase for the companies. This, on the one hand, constrained the workplace trade unions; on the other, it provided the workplace organisations with the administrative resources when necessary. The overall appearance of the DLDZ cases was characterised by a union dominant approach. This was attributed to the local tradition of socialist ‘paternalist’ labour relations. The district trade union had a strong government background. Meanwhile the workplace union presidents’ identity as full-time union presidents helped them to keep at an arm’s length from the managers. They also had the experience and legitimacy necessary for effectively dealing with the managers. A sense of sympathy with the workers was prevalent among the trade union officials at local level.

The achievement of these successful solutions in the DLDZ cases nevertheless displays differences from their counterpart in Denso within the same category. The Denso unions adopted a different, bottom-up approach in resolving the strike. In this process, the union at the district level played a significant role in deciding the approach and supervising the workplace union to implement it. The district union president assisted the workplace trade union officials to fully engage in ascertaining the workers’ demands in order to gain the workers’ approval to carry out collective bargaining. The resources from the superior trade union were the main supports for the district union to insist on a bottom-up approach, and these resources arose from the city trade union president’s dominant administrative and political status over the district authority.

In this approach, the Denso workplace union played an effective role in reaching workers, and two main factors may contribute to this achievement. Firstly, although the union president was a high-profile manager, it may be presumed that the president’s managerial position as a production department head to some extent

extenuated the workers' hostility. It appeared that managers from the personnel department or the general affairs department, who were in direct charge of workers' personnel and welfare management, were more commonly in a starkly opposed position towards the rank-and-file, and that caused workers to have more 'feudal' feelings of lack of trust. Secondly, in strikes, where there are serious political risks, the higher level organisations can provide the necessary guidance, resources, and even the political shelter that is essential for workplace trade unions to perform their representative duty. In Denso, when the district union had determined a bottom-up strategy in strike resolution, the workplace trade union implemented this strategy in an environment assured by the district union that precluded the external influence from the party-government pressures. In this sense, it is the rational choice of the workplace trade union to follow those who can protect them politically.

The district union possesses adequate political resources and authority in pursuit of resistance from the management, the district government and relevant government bureaus. In addition, the resources from the superior trade union were the main supports for the district union to insist on the bottom-up approach, and these resources were arising from the city trade union president's administrative and political status over the district authority. The trade union officials led both the district and city trade union with exceptionally prominent enlightenment in their conceptions and preference in adopting the bottom-up approach.

7.12 Effects of the Strike in the Six Cases

General welfare and communication channels improvement

The average rise of the basic wage in the cases in response to the strikes was 30%-35%. Compared with the average increase of less than 10% in previous years, the strikes were successful in rendering managers willing to make significant concessions. In 2011, the average wage rises in Denso and in Honda were both around 30%. In DLDZ, an average level of 15% was considered, which was higher than previous wage increases, but lower than those achieved in the strike. Welfare and working conditions were improved to different degrees in responding to workers' demands in strikes. There were also general improvements in the communication channels in all cases, such as the monthly workers-manager meetings ('*Kentan*') which are organised

by the trade union, the union branches with workers, and improved feedback mechanisms.

Collective bargaining improvement

In all six, the yearly wage negotiation was re-scheduled to a fixed time. In the cases of Honda Nanhai and the three in the corporatist model, workers' representatives were allowed to take part in union decision-making in the wage negotiation. In Honda Nanhai, union proposals in wage negotiation were drawn up that was based on a comprehensive survey of workers' opinions. The final agreement was also approved by the workers' congress. In addition, thirty workers' representatives as observers attended the wage negotiation in 2011. In Denso, the union cell group leaders took part in the following year's 2011 wage negotiation throughout the whole process. In Nidec, the workers' congress was involved in the discussion of the draft proposal, and in the approval of the final agreement. In addition, four representatives of both workers and staff who were nominated by the workplace union president, for the first time, and directly participated as bargaining representatives, along with the president, in the wage negotiation. In Tostem, though he discussed the draft proposal with the workers' congress, the union president did not thoroughly follow the procedure. In the interview, the president of TDK did not talk about the procedure followed. The unitary case of Honda Lock witnessed virtually no workers' participation in wage negotiation.

An interesting comparison is that the union functions, such as organising amusement activities, were enhanced in Honda Lock where they were previously inadequate; while in Denso these activities were reduced because 'they cost "energy and money"'. In other cases, no substantial changes in these functions were observed.

Union re-election

Union democracy was a part of the union re-structuring scheme after the strikes in both pluralist and unitary models. All cases in the South had union re-election as one of the demands in the 2010 strike while those in the North did not. In the four cases within the corporatist category, workplace unions all survived without union re-organisation.

Despite the tight monitoring from the high-profile trade union at the provincial level,⁴⁴¹ Honda Nanhai underwent a thorough transformation of the union structure, including the re-organisation of the union cell groups and union branches. Elections ranged from cell groups up to the top workplace committee. 63 leaders of union cell groups were directly nominated and elected from the rank-and-file. 7 presidents of union branches were also directly nominated and elected from the rank-and-file. 6 members were elected by the workers' congress to take seats in the union committee, among whom one became the deputy president. At the same time, the previous union president and 7 committee members all retained their positions.

In Honda Lock, union restructuring also took place after the strike. Union cell groups and the union committee were re-organised. A head from the production division replaced the formal union president, and a full-time union officer was added to the committee. Differently from the reforms at Honda Nanhai, the 200 workers' representatives in Honda Lock all came up from candidates nominated by the division heads. In this sense, although the union reform appeared to be similar with Honda Nanhai, it is difficult to assess the actual effects of the union reforms in Honda Lock. The evidence suggests apparently tougher and more restrictive constraints on labour in Honda Lock.

The restructuring of the workplace trade union after the strike was nominally a 'democratic approach'. The government contended the re-election was 'the union's regular election', rather than a 'union restructuring'. The union presidents, the committee, and union member representatives were all re-elected after the strike. 38 union cell groups were established. In the elections, different divisions recommended candidates and elected 200 union member representatives. Nine union committee members were then elected from among the union member representatives. In a closed election within the union committee, the manager of the production division took office as the president. Additionally, one member of the union committee worked as a full-time union officer.

⁴⁴¹ Chan, C. K. C. and Hui, E. S. L. (2012), 'The Dynamics and Dilemma of Workplace Trade Union Reform in China: Case of the Honda Workers' Strike', in *Journal of Industrial Relations*, 54(5), pp. 653-668.

In union activities, the restructured workplace union paid more attention to the grass-roots workers' welfare. Collective negotiations were held in February for wages, and in August for welfare. 'Opinion boxes' were set up for workers to express their opinions and demands. Every month, the union was scheduled to meet the company to transmit workers' opinions, and it also published the company's feedback on the bulletin board. It has also organised a number of travel and sports activities.

The story in the pluralist case of Honda Nanhai does not only tell of a radical transformation of union re-structuring in comparison with Honda Lock. It also implies an attempt at institutionalisation of the workers' autonomy that had developed during the strike process. The case of the Honda Lock union, which pursued a less democratic course, implies that the authorities will maintain the existing institutions of a unitary union in the long term. And in the cases of DLDZ and Denso, the absence of union re-structuring reform implies less perceived need for radical re-structuring of the currently functioning union organisation. This means that consequent developments of the trade unions remained to be decisively influenced by the formal contexts of the government and management.

7.2 Conclusion

7.21 Dilemma and Potential – 'Classic Dualism' in State Corporatism

Drawing on the discussion of the case studies, it has been argued that the trade unions have performed their dualist functions constrained by the necessary conditions of which the state corporatist framework is the foremost provider. The requirement of being the interest representative in the transition to marketisation is more restrained than expedited in the current state corporatist framework. This section explores the potential and constraints of the dualist functioning trade unions in China's contemporary labour relations system.

During the decades of reform, in responding to the substantial growth of differentiated and diverse socio-economic actors, the state has retained its domination over Chinese society but in a gradually more divergent and dynamic way. Having been among the most restricted organisations within the state regulatory system, the trade unions inherited their organisational structure from state socialism and are consequently formed in a strictly hierarchical structure affiliated to the party. At the same time,

there exists increasing appreciation of the importance of the trade union in the deepening economic reforms being able to resolve the sharpening conflicts between labour and capital.

The three decades of trade union development are characterised by being intricately intertwined with state-government bureaucracies. The decades of union development resulted in their weak representation of their constituencies' interests. However it might not be the best that the 'dualist functioning' trade unions can achieve, on the grounds that the 'Classic Dualism' unions do not preclude the acknowledgement of associational organisations of interest, and thus have the opportunity to improve their capability to accommodate the different interest groups.

Differences in context help explain the diversity of trade union function and conduct. The adaptability of the doctrine of 'Classic Dualism' is evident in different periods, at different locations, and with regard to different facets of labour relations. Firstly, variations are influenced by the different manifestations of incompatible functions. For example, since the policy of non-adversarial employment relations has prevailed since the mid-2000s, its influence is most significant in the way that trade unions function in overt conflict, such as in collective bargaining and strikes. Secondly, the trade union's performance has also displayed geographical diversity. The local political culture is an important determinant of how dualist functioning unions operate. In addition, the trade union's functions are modified by the local labour relations system that is shaped by the economic development status, the trade union cultural tradition, and the dynamic power relations among the actors. The case studies show how the 'Classic Dualist' model draws on its potential to adapt itself to represent workers, and they also show what the constraints are. We now move to consider the potential of and constraints on the trade unions.

7.22 Scope and Potential of the Trade Unions

The marketisation of labour relations requires the trade union to perform its worker protection role. Apart from the statutory requirements, the campaigns of workplace union organising, of collective bargaining, and many other functions set up the basis on which the trade unions play their protection roles. Participation of the trade union in strike settlement helps it to listen to the workers' voice, brings their demands to the

authorities, and in some cases, encourages workers to be more involved in the process of dispute resolution. These all serve to achieve more favourable compromises from the authorities by better communication in disputes.

The 'Classic Dualism' itself provides the trade union with scope to function. In the strikes, the trade unions are not only institutionally integrated into the dispute resolution mechanisms, but also endowed by the law with the right and responsibility to represent workers in the settlement. But this was only of prominence in those cases where the MSS became a fallback means of dispute resolution, indicating that government decision had shifted from administrative and legal means to a greater emphasis on self-regulation of working conditions, to be implemented jointly by capital and labour through collective bargaining. In the process, the trade unions' political status was employed, using these enhanced connections to boost the workplace unions' leverage in resisting both threats from the manager's authority and the political risks.

The regions studied in these researches have shared the common feature of being among the most advanced in economic and industrial development in China. This affects government policies by reducing the pressure to maximise economic growth. More weight has been allocated to social development than economic development. The risk of increasing social instability has moved the government in the direction of acting with more sympathy to workers. It also appears that, as has been deduced from the cases in this research, that the ownership of enterprises may affect the direction of governmental policy. Joint-venture enterprises and domestic private enterprises normally have either implicit or explicit interest connections with local government. This is also the case with SOEs, where the cause of disputes is made more complicated by the directly state-driven nature of economic transition.

By contrast, the FIEs are run independently of local government, thereby removing direct interests and governance collusion. Local government tends to take a relatively impartial attitude in dealing with disputes in these enterprises. Sometimes fortuitous factors are useful for the trade union's effective functioning, as when the regional trade union presidents in DLDZ and in Denso both had the backgrounds that were specialised in labour or in dispute resolution. Needless to say, competent trade union

officials at all levels are essential to fulfill the union's potential. In addition, the management in the FIEs can help the trade union to perform better. It is often the case that foreign managers, affected by the ingrained culture and custom of their home countries, possess common sense in abiding by the law.

Marketisation was the root cause in activating the redistribution of the union's dualist functions, and workers' protests made a direct contribution. Workers had become more willing and capable at defending their rights and interests by taking collective action. The generally peaceful pattern of the protests has served as another important factor in contributing to the government's withdrawal from direct intervention. In addition, increases in conflict have enhanced the importance of the union's protection roles in the eyes of the Party. The manifestation of this crisis for the ACFTU can be heard:

*"I heard this from the head of the ACFTU, 'The sounds ("dongjing", the social effects of the workers' strikes) are louder. Without being reformed, we will find it difficult to survive.'"*⁴⁴²

*"If it fails to address it (the strikes), the trade union is going to die, as the Party will say 'stop playing, you are useless!' This is a gamble for the union."*⁴⁴³

7.23 Limitation and Dilemma of the Trade Unions

Although the unions have demonstrated some potential for effective action, in most of the cases their roles were almost invisible. They stood by the authorities and did not identify themselves separately from the authorities at workplace and regional levels. More important, in cases where they showed the competence and willingness to use the scope they have to perform their representative functions, they relied on their political and legal resources to achieve their emerging roles.

Classic Dualism and the legal provisions are the root cause. They, on the one hand, endow the union with the status of workers' representative while, on the other hand, setting the philosophy of 'non-adversarial employment relations' as one of the basic

⁴⁴² Interview, Mr F, chancellor of China Institute of Industrial Relations, 10th January, 2012.

⁴⁴³ Interview, Mr L, chancellor of School of Guangdong Provincial Trade Union, 10th November 2010.

principles the trade unions have to abide by. This controversy is particularly acute in circumstances where sharper conflicts exist, as these cases have illuminated, trade unions in the government dominated MSS system have limited liability for dispute resolution.

State corporatism is overwhelmingly unfavourable for workers' protection. The more the trade unions are subject to the party and government, the more they are impeded from attempts at a more direct worker protective orientation. It was the institutional basis of Chinese trade unions in the 2010 strike waves, after the decades of development characterised by being more structurally embedded in the government apparatus. The higher level officials of trade unions cannot themselves separate from the government, while the grass-roots organisations, subject to the influence of management, are incapable in acting on behalf of workers. Increasingly substantial compensation and benefits are provided as incentives for the officials. The consequent vested interests in the bureaucratisation of trade unions create substantial obstacles to any attempts to undermine the system.⁴⁴⁴ The two district union officials of Denso and DLDZ had sympathetic perspectives but were largely restrained by adverse circumstances from the party and government, while the workplace trade unions can only rely on their superiors to cope with the political risks.

Moreover, the extent to which workers' protest was a challenge to the union deserves consideration. The current studies indicate an insufficiency of workers' protests in confronting the powerful authority of the formal system. The concentration on the economic aspects of working life causes workers to compromise with regard to challenging the existing institutional and political arrangements.⁴⁴⁵ It may be a wise choice for strikers to accept a more satisfactory wage offer at the expense of diminished demands for union re-structuring, taking into consideration the political risk and the threat to management implied in the demands. Strikes generally reveal the inadequacy of the leadership of the worker activists. While the leaders were sometimes successful in inciting a strike, they often failed in controlling the workers

⁴⁴⁴ Howell, J. (2008), 'All-China Federation of Trade Unions beyond Reform? The Slow March of Direct Elections', in *The China Quarterly*, December 2008(196), pp. 845-863; Chen, W. G. (2012), *Concern and Reflection: Retrospection of My 30 Years Union Work*, Beijing: China Social Science Press. In Chinese.

⁴⁴⁵ Chan, C. K. C. (2010), *The Challenge of Labour in China: Strikes and the changing labour regime in global factories*, London: Routledge.

involved. Workers' collective action has been severely lacking in professional organisation and necessary resources. Cases like the Denso and two Honda plants in the research, where workers directly challenge the union authority with their union restructuring demands, are few.

7.24 Concluding Remarks

This research has tried to answer the question as to what extent and to what stage the state-corporatist regulatory framework has developed in China, by examining the situation of the intermediary organisations. The Chinese trade unions are likely to maintain the balance of their different functions but they will have to continue their struggle within the strict constraints of the classic dualist framework. With strikes, this controversy comes to the fore in the sense that the weakness of the trade unions' representative function has undermined their effectiveness as intermediaries in the corporatist framework. This weakness has to large extent been brought about by the union's caution in choosing approaches within the framework of state corporatism.

Evidence from the case studies in this research reflects the authorities' intention of both curbing and absorbing the worker activists, and of formalising and developing existing institutions. By clearing away both the radical and the conservative elements, the trade union may be able to improve its functioning under Classic Dualism. On a broader perspective, two trends in the direction of union reforms have occurred at the same time. The first is the attempt of the union to strengthen its relations with government. The second is the attempt, in a few cases, to set the workplace union more free from management. The former has arguably been more effective in the short term in raising the union's capacity to protect workers, with the risk of greater dependence on government and administrative bodies. The latter trend may provide more room for trade unions to achieve a better balance between their dualist functions by being more independent in representing the workers.

This research has also illuminated some optimistic developments within 'Classic Dualism'. It provides some evidence that this framework may shift to a more impressive corporatist model. At least some lessons can be drawn from the experiments. A more favourable environment for trade union development must allow for the workers' increasing awareness of the power of taking action to defend their

interests. It must allow for increasing support for this from society. And it must allow also for the increased space for this that is being provided by the state. Given these conditions, the union may become further involved in the state corporatist framework by virtue of achieving a better balance between its dualist functions. Even though the trade union cannot throw away 'Classic Dualism', it could function as a workers' representative *within* 'Classic Dualism' for its own sake. There is little sign that unions are able to abandon the inherent contradictions of Classic Dualism, because they were constructed within a framework that is outside their control,⁴⁴⁶ which is guaranteed and reinforced by state corporatism in China. In this sense, the alternative possibility, of a transformation from the dualist functioning union to the representative union, is likely to be contingent upon a zero-sum game between workers and the state.

⁴⁴⁶ Clarke, S. (2005), 'Post-socialist trade unions: China and Russia', p. 2, in *Industrial Relations Journal*, 36(1), pp. 2-18.

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